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Bush's Achilles Heel

How the GOP buckles to corporate power

by **Marshall Wittmann**

BOOK EXCERPT:

JOE KLEIN on what Clinton did right

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he sound of President Bush's armor cracking could be heard all over Washington this spring. Despite the continued glow of his war halo, the president was clearly slipping on the invincibility meter. The chinks first appeared on economic and trade issues, then on social and energy matters, and finally even on foreign policy. And it wasn't only Democrats who felt a shift in the air; Republicans were sometimes the loudest complainers about the president's apostasies.

Among the Republican doubters is Marshall Wittmann, author of our cover story on the president's Achilles heel. A noted conservative commentator (he travels under the moniker Bull Moose at www.conservativereform.org), Wittmann voices the concern of many on both sides of the aisle that President Bush has a dangerous weakness for big money and corporate power, even to the point of supporting labor when it benefits management (by imposing steel tariffs, for example). Corporate conservatism, Wittmann argues, has replaced social conservatism as the new Republican religion.

Similarly Tod Lindberg, editor of the Hoover Institution's *Policy Review,* explains how Bush has disappointed Republican reformers, particularly adherents of the "national greatness" movement whose reformist idol is Theodore Roosevelt. Their current hero is contrarian Sen. John McCain, who championed campaign finance reform (along with Democratic Sen. Russ Feingold) and stands for ending corporate welfare, more fiscal responsibility, and halting the general corporate drift of the GOP.

That the president has come down to earth—despite the successes of the war on terrorism—is echoed as well in Al From's column on the vincible president. The commander-in-chief's hand, From notes, has grown unsteady on the tiller in the face of turbulence in the Middle East and even Venezuela. In our editorial, we take the president to task for foreign policy decisions, particularly in the troubled Middle East, that often seem more guided by his thinking as a former oil man and than by his commitment to promoting bedrock American values abroad.

Foreign policy—whether to invade Iraq or not—is also the subject of a point-counterpoint between two of the nation's leading experts. Former CIA Director R. James Woolsey argues for quick action, while Al Gore's former national security adviser, Leon Fuerth, says that a hasty "lunge" into Iraq could divert too much attention from winning the war on terrorism. He counsels a more deliberate approach.

On domestic issues, we join the chorus of those dismayed by the $73 billion farm bill passed this spring by Congress—but with an unusual voice, that of former Secretary of Agriculture Dan Glickman. Glickman writes that farm subsidies are once again primarily a money scramble among wealthy producers.

All these issues will be in play as we roar into this fall's political season. With the nation at war, parts of the world in upheaval, a host of economic uncertainties, and a president with a shaky grip on the agenda, we hope that shining the light on some of these matters will help guide policymakers and the public.

—Peter Ross Range

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DEMOCRACY

The president has lost his voice on the values that America is fighting for, not just what we're fighting against.

by **The Editors**

It's no secret that the Bush administration has an Achilles heel in domestic policy: its tendency to tilt policies to favor deep-pocketed industry supporters, even at the expense of its supposed conservative pro-market ideology.

But this administration has another growing weakness, one that goes to the heart of the president's successful leadership in the global fight against terrorism, and that reflects a persistent blind spot in Republican foreign policy: a "realist" tendency to subordinate support for democracy, freedom, and human rights to a myopic pursuit of narrow interests and illusory "stability."

This concern about the president's foreign policy is different from the one so often expressed by conservative critics after the administration's focus shifted to the Israeli-Palestinian conflict in March. The argument from the right has been that the president was making a hash of his own "Bush Doctrine"—a bright line dividing terrorists and their supporters from the civilized world—by failing to treat Yasir Arafat as simply a terrorist, and Israel as simply a country fighting terrorism.

We agree that the administration has been inconsistent, and sometimes incoherent, about acknowledging Israel's right to defend itself by military operations against known terrorists in the West Bank that the Palestinian Authority has been unwilling to arrest (when they are not actually supporting them). But the administration's difficulty in maintaining a consistent "doctrine" about what we are fighting *against* should not obscure its larger difficulty in articulating what we are fighting *for*, beyond the right of self-defense, for us or for other targets of terrorism.

When the president was focused on Afghanistan rather than Iraq or Palestine, he was quite clear in making the claim that the United States was not simply fighting against terrorists, but was fighting for the Western values and political institutions that offer the best bulwark against terrorism. These lines from this year's State of the Union Address, overshadowed at the time by his "axis of evil" formulation, were exemplary:

> America will lead by defending liberty and justice because they are right and true and unchanging for all people everywhere.
>
> No nation owns these aspirations, and no nation is exempt from them. We have no intention of imposing our culture. But America will also stand firm for the non-negotiable demands of human dignity: the rule of law; limits on the power of the state; respect for women; private property; free speech; equal justice; and religious tolerance.

It's remarkable how far the administration's policies have begun to stray from these sentiments.

During a single week in April, the administration appeared pleased about a military coup against a democratically elected government in Venezuela, and launched a barren Middle Eastern trip by the secretary of state that underscored a continuing obsession with placating "moderate" Arab regimes under the illusion that they constitute pillars of stability in a turbulent region.

In both cases, the administration relapsed into the old Cold War conservative realpolitik habit of subordinating our long-range interest in promoting political and economic freedom to the narrowest possible understanding of our immediate interests. Just as many conservatives were happy to support any right-wing dictatorship in the Cold War so long as it was anti-communist, the administration now seems willing to support any Venezuelan regime that might offer lower oil prices, and to make our Middle East policy strictly dependent on avoiding any friction with regimes that are willing to call themselves our friends.

The continued silence of the administration about the absence of democracy in the Middle East (other than in Israel and Turkey) is becoming an increasingly disturbing omission, reflecting a potentially disastrous policy. For far too long, U.S. policy has made the stability of despotic regimes an unstated imperative in our dealings with Islamic countries, as though they were somehow exempt from the popular

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OIL IN THE FAMILY: The president, seen here with Saudi Arabia's Crown Prince Abdullah, is letting short-term interests, like the Saudi oil supply, undermine commitment to the spread of Western principles of democracy and tolerance.

impulse towards freedom, and the superior stability of democracies, that we recognize everywhere else. That's one major reason for the terrible mistake that the president's father made in deciding to leave Saddam Hussein in power at the end of the 1991 Gulf War: Without a strong man in Baghdad, who would provide "stability?"

U.S. policymakers need to understand that the "moderate" Arab states' lack of popular legitimacy—based on an absence of political and economic freedom, and an unwillingness to respect basic human rights—will inevitably drive them towards support for the anti-Western cause of the radical Islamists, if only to deflect blame for the failings of their own regimes. That's why their "friendliness" to the United States and their commitment to the fight against terrorism is so limited—limited, in fact, to a coalition against an al Qaeda network that threatens their own rule.

Saudi Arabia, for example, has not only publicly and repeatedly defended the use of terrorism by the Palestinians against Israeli civilians, but has publicly embraced Saddam Hussein's Iraq, even suggesting that all Arab nations should express solidarity with the genocidal maniac should the United States seek to topple him. Meanwhile, the Saudis continue to lavishly finance a global network of Wahabbi Islamic schools and other institutions that serve as the primary breeding ground for al Qaeda and other Islamic extremist networks.

Yet Saudi Crown Prince Abdullah, during a visit to the president's ranch in Texas in late April, felt free to deliver a tongue-lashing about U.S. support for Israel. If the president had anything to say to the prince about Saudi support for terrorists in Palestine or elsewhere, or about the Saudi record in accepting the "non-negotiable demands of human dignity," he certainly kept these sentiments entirely private.

As Sen. Joe Lieberman has eloquently said, we must understand that the broader fight against terrorism is against those forces in the Middle East that prefer anti-Western jihad to the adoption of Western-style principles of political democracy, economic liberty, and tolerance of other beliefs and cultures. Turkey's tolerant democracy that stands strong against the jihad impulse is evidence that the fight can be won. But if we do not succeed in enlisting the people of the Islamic Middle East—and their governments—in this broader war, then whatever success we have in tracking down Osama bin Laden and his associates will ultimately prove fruitless.

Moreover, our own people, and those of our democratic allies in Europe and elsewhere, would greatly benefit from an American foreign policy articulated in terms of the values and freedoms we are fighting for.

For example, one of the reasons the United States treats Israel as an ally is that it is a democracy with a free press, free speech, and a free economy. Even those Israeli policies that give most American pause, such as the expansion of settlements or the treatment of Israeli Arabs, are measured against Israel's own Western-style standards of equal justice and respect for the rule of law.

Conversely, most Americans are unwilling to treat the Palestinian nationalist cause as a terrorist movement indistinguishable from al Qaeda, because we strongly believe in self-determination for all people. That is why a tough Middle Eastern policy that refuses to reward Palestinian terrorism with pressure on Israel for concessions does not mean the United States must abandon its ultimate support for a Palestinian state that can peacefully coexist with Israel.

BLUEPRINT's cover story on **Bush's Achilles Heel** begins on page 14

Our democratic values, in sum, must not be hidden or downplayed in foreign policy because they might discomfit unreliable "allies" or conflict with short-term "interests" like oil supplies or prices, or with diplomatic support of particular "coalitions" to accomplish specific goals. The fight against terrorism, the quest for peace between Israel and the Palestinians, and the effort to keep Saddam Hussein from deploying weapons of mass destruction, must all be rooted in a self-confident American belief that the spread of democracy, tolerance, freedom of speech and conscience, and freedom of commerce are the only long-term guarantees for world peace and prosperity.

The president has recently lost his voice on what we are fighting for. Both his friends and his critics in U.S. politics must raise their voices to fill the gap, and the silence. ●

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Produced by **Kate Herman**

Clinton Center rewards service

A politician and a project manager embody national service.

ational service was the signature programmatic idea of the New Democrat movement in the 1980s. By 1992, it had become a key plank in Bill Clinton's run for the presidency. Today, more than 50,000 people are doing national service across the country. Even as DLC Chair Sen. Evan Bayh (D-Ind.) and Sen. John McCain (R-Ariz.) introduced a bill to expand national service, President Bush has joined the bandwagon with his own proposals. Clearly the time had come, said officials of the DLC, to honor the success of an idea.

That in mind, the DLC this spring opened the Clinton Center, a project dedicated to promoting the next generation of New Democrat ideas and leaders. President Clinton attended the center's inaugural event in April in Washington, D.C., where he presented the first DLC Clinton Center Awards for Leadership and National Service to Maryland Lt. Gov. Kathleen Kennedy Townsend and Chandra Bembery, a project manager at City Year Philadelphia.

IF YOU HAVE A GOOD IDEA: President Clinton shares his commitment to service with Chandra Bembery (left) and Lt. Gov. Kathleen Kennedy Townsend.

"I am honored that the DLC is launching the Clinton Center to keep New Democrat ideas alive, and to energize the next generation of New Democrat leaders," said the former president.

During his eight years in office, President Clinton reconnected the nation to JFK's civic ethic of mutual responsibility when he created the volunteer-based AmeriCorps, modeled after the City Year program. Townsend applied that same ethic at the state level when she successfully urged community service to be a high school graduation requirement in Maryland.

> I believe that the best type of leadership is providing opportunities for others to get involved and lead, and that is what we are doing all across Maryland. *—Lt. Gov. Kathleen Kennedy Townsend*

About 200 people attended the Clinton Center's premiere event. In addition to highlighting innovative policy ideas and leaders, the Clinton Center also will sponsor leadership training workshops and other programs to share "best practices" in government, such as Maryland's service requirement.

"Over the past five years, 200,000 Maryland students have contributed more than 6 million hours of community service," Townsend said as she accepted the award: a bronzed American flag mounted on a cherry wood base, designed by Brooklyn-based artist Matt Freedman. "I believe that the best type of leadership is providing opportunities for others to get involved and lead, and that is what we are doing all across Maryland."

Townsend's commitment to national service and the DLC dates back to 1988, when she traveled with DLC founder and CEO Al From to promote the idea of a system of voluntary national service. Now, the high school service program implemented in Maryland is being used nationally as a model—perhaps most notably by Sen. John Edwards (D-N.C.), who has incorporated the program's characteristics into a bill urging similar service requirements nationwide.

"As much as we savor our past successes, we cannot rest on them," From told the audience. "Our movement is still young, and our mission of modernization can never end." ◆

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A with...

Philip Angelides on economic recovery

California's state treasurer, New Democrat Philip Angelides, has garnered national attention for policies that have enabled his state to thrive despite recession and the effects of Sept. 11. He talked to BLUEPRINT *about his recovery strategy.*

BP What are the most pressing economic challenges facing states today?

PA: Regional and local economic competitiveness, which is defined largely by quality of life. Businesses will stay in or move to a region if there is a supportive transportation system, if there are parks that promote a good quality of life.

America's competitive advantage is quality of workforce and quality of life, not so much a lower price. We need to remember that. It's about land-use patterns that can support transit systems. It's about providing the capacity to telecommute. It's about providing an infrastructure that may be different than one we used 50 years ago, but one which shares the basic underpinnings: a solid quality of life.

I don't think Democrats ought to be averse to looking at market reforms in terms of how we use our infrastructure systems.

BP To develop an economic plan that works nationwide, you've recently worked with investment banker Felix Rohatyn and New York Comptroller H. Carl McCall. What are the key components of your strategy?

PA: We proposed a three-part program of federal economic assistance to bolster public infrastructure—schools, parks, transportation—in order to sustain progress. Proposal No. 1 is to help leverage $250 billion in state and local government financing of infrastructure and economic development by using the credit strength of the federal credit program. Proposal No. 2 is to increase industrial development projects. Proposal No. 3 would provide federal revenue-sharing to provide fiscal assistance to the states and local governments.

We think a better use of federal dollars than what President Bush has proposed [tax cuts] would be using federal resources to bolster infrastructure and investment that will create long-term economic growth. Democrats have always recognized that the most successful private economic transactions have been the result of public interest and investment, and that should come into play here.

This tripartite program is designed to provide long-term economic growth. But if the recovery doesn't happen as quickly as people think, this would also provide a lot of short-term relief as well, with every dollar spent on local infrastructure creating $2.50 in economic activity.

BP With so much attention focused on military and foreign aid spending, are you hopeful that your plan will be successful?

PHILIP ANGELIDES' strategy for economic recovery calls for $150 billion in federal support for state-level infrastructure projects.

PA: As Ambassador Rohatyn said, there is no bad time for a good idea. Clearly, with the Republican control of Congress and the Bush administration at the helm, getting our strategy on the table faces an uphill climb. But the idea is worth putting on the table, especially for Democrats who want to address alternative strategies to the ones out there for economic growth and strength.

There's a bipartisan agreement that our national infrastructure is in tatters and we need more public investment. The only question remaining is whether a decision will be made on how to address the issue. ●

DIGIgov

Best practices from the world of online government

Virginia is taking the lead in expanding e-government with increased Internet privacy, thanks to a recent New Democrat privacy initiative. Surveys have shown that the No. 1 reason citizens resist using on-line government is concern for how their personal information will be used. To address these qualms, New Democrat Delegate **Bob Brink** won passage of a legislative resolution calling on all state and local Web sites in Virginia to use "P3P" technology.

P3P—the Platform for Privacy Preferences Project—allows Internet users to decide how their personal information can be utilized by Web sites, such as passing their email addresses to spammers. If a site doesn't meet a user's privacy desires, software will sound a warning or block the Web site entirely.

Despite the benefits of P3P technology, most Web sites have been slow to adopt it. Advocates of P3P hope that if federal, state, and local governments add P3P to their sites and push for similar action by the private sector, it will become a widespread Internet practice. At the federal level, U.S. Reps. **Adam Smith** (D-Wash.) and **Cal Dooley** (D-Calif.) have taken the lead in urging the government to adopt P3P standards.

— Kevin Croke

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Graham Richard and John Fernandez

Indiana's mayors take the lead in protecting their homeland in the heartland.

Mayor Graham Richard of Fort Wayne

Mayor John Fernandez of Bloomington

Since the terror attacks last year, two New Democrat mayors in Indiana have been working hard to adjust to the new post-Sept. 11 realities. Together, they represent the new face of local leadership in a challenged nation. In Fort Wayne, Mayor Graham Richard has partnered with a local company to map the city's likeliest targets for potential terror attack. Farther south, in Bloomington, Mayor John Fernandez has faced the nation's unsteady economy head-on, putting partisanship aside to create a community-based working group to strengthen the city's financial structure.

The Sept. 11 attacks focused attention on the vulnerabilities of our national infrastructure: the Pentagon and the World Trade Center. But mayors across the country must confront the vulnerabilities of the local infrastructure, and how they can protect it. That is why Mayor Richard has combined forces with the Fort Wayne firm of Porteum to consider potential targets of terrorism. Working together, they have begun digitally mapping possible sites: government centers, shopping malls, and entertainment venues, for example.

"Having immediate access to current maps of our most likely targets not only aids in responding to an emergency situation, but it also is one of the ways that we can become more prepared," Richard says.

Collaborative training exercises have been staged to improve the overall response during an emergency situation, he says. A fire, police, environmental services, and anti-terrorism training center is in the works to bring law enforcement officers together in the same facility. Further, Fort Wayne and Allen County have purchased a new 800-megahertz communication system that allows more first responders to communicate with each other at a scene.

In addition to anticipating targets, Richard knows that identifying potential terrorists—before they strike—is another key to local protection. In March 2002, he took the city's protection plan a step further with an online Automated Fingerprint Identification System, which can match more than 60,000 prints in the city's collection in seconds. Purchased with the help of state and federal funding, the system will be shared with the Allen County Sheriff's Department as part of Richard's determined stance that sharing information is often a community's best defense.

"Terrorists have proven that they are willing to strike the heartland at any time," Richard says. "Fort Wayne needs to be just as prepared as New York and Chicago."

Bloomington's Mayor Fernandez has focused on the economic challenge posed by the terrorist attacks. By convening a bipartisan commission to reevaluate Bloomington's finances and use them wisely, he says, "We've been able to leverage the strengths of our community. While we're blessed to have a world-class research institute here in the University of Indiana, every community has some version of that, some strength they can build on."

When 1,400 of his constituents lost their jobs with the closing of the local RCA plant in 1998, Fernandez knew it would take a broad-based community effort to ensure fiscal stability. Working shoulder-to-shoulder with other community leaders, Fernandez has held Bloomington's property tax levy below the statutory maximum for six straight years. Recently awarded its highest-ever bond rating, Bloomington's prospects for continued fiscal stability are "excellent," the mayor says.

"We took a real bottom-to-top look at the city's finances, in terms of programs and services and how we managed finances here," he recalls. "We were able to make it more efficient, and that's a fundamental thing that people need to do for starters." ◆

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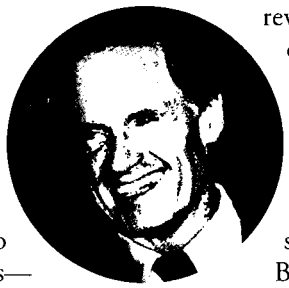
Tom Carper

In a society obsessed with lawsuits and settlements, U.S. Sen. Tom Carper (D-Del.) is creating safeguards against unfair practices in court. Currently, federal courts have no jurisdiction over class-action suits—even those involving multi-state parties—giving attorneys the ability to "venue-shop" for the locale most likely to yield a result they'll like. No more, says Carper, who aims to give federal district courts jurisdiction over truly national cases while protecting the right of state courts to handle cases dealing with state laws.



Sen. Tom Carper
Delaware

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"We can make the process more fair for businesses without making it more difficult for consumers to sue bad actors," Carper says. "It also aims to make the rewards in class action cases fairer and to ensure that the entire process is easier for plaintiffs to understand."

A case in point, says Carper, is the Blockbuster class action suit of 2001. Trial lawyers received $9.25 million, while plaintiffs—thousands of people who were named as members of the "class"—received only two free movie rentals and a $1 coupon.

Carper was recently named the first chair of Best Practices at the DLC. The former five-term congressman will draw on his experience as chair of both the National Governor's Association and its best practices division. While two-term governor, Carper took the state-level lead on welfare reform during its overhaul in 1996. ◆

Janet Napolitano

Even before Arthur Andersen LLP became embroiled in the Enron scandal, the accounting giant had been accused of misleading investors in another major financial failure. Due in large part to the work of Arizona Attorney General Janet Napolitano, those investors have won a major restitution.

Victims of the largest nonprofit bankruptcy in U.S. history will receive $217 million from Andersen—a settlement of lawsuits filed after the 1999 collapse of the Baptist Foundation of Arizona. Napolitano's office was one of the three plaintiffs that had filed civil suits against Andersen, seeking relief for investors.

Attorney General Janet Napolitano
Arizona

When the foundation flopped, it left 13,000 small investors with an estimated $570 million to $590 million in losses. The settlement Napolitano secured from Andersen, along with the foundation's remaining assets, will ensure that investors get back up to 80 percent of their lost dollars.

"These investors, many of whom are elderly, trusted the misleading financial statements audited by Andersen," said Napolitano, the state's first woman attorney general. "This agreement will allow Baptist Foundation victims to at least recover most of their investment."

Under Napolitano's leadership, Arizona has created a legal right for crime victims to get unpaid time off from work to attend court proceedings involving the crime committed against them. The victims' rights movement, she says, encompasses New Democrat philosophies of both personal and community responsibility. ◆

Jamie Fleet

With its famous battlefields and bucolic setting, Gettysburg, Pa., pop. 7,500, would seem to be a small town made in heaven. It draws tourists, preserves its historic heritage, and even hosts a small college. But when Jamie Fleet was first elected to the borough council three years ago at the age of 18, he found something different.

"The economy was stagnating, and the community was divided," he recalls. "The tourist industry wouldn't talk with the college. The city leadership wouldn't talk to the national park. And we had a misplaced development strategy focused on old economy initiatives, like getting a truck distribution center."

Councilma Jamie Flee
Gettysburg, P

Today, New Democrat Fleet, who was recently elected vice president of the borough council at only 21, can point to dramatic changes. "We realized the trick was to get the park visitors to come downtown. We're building a performing arts center, a Lincoln Museum, and more high-end hotels and restaurants are coming in. The average tourist visit used to be six hours, which meant one meal and no overnight stay. Now it's up to 10 hours, which means two meals and often an overnight."

A national landmark trapped in the body of a local community, Gettysburg bears special burdens—more than half its property is off the tax rolls, and a larger-than-average police force of 26 manages 1.5 million visitors annually. Refocusing its development strategy on tourism and building community partnerships has helped ease those challenges.

"We realized we couldn't change things just within the confines of government, so we got everyone talking," Fleet says. "We formed a public-private partnership called Main Street Gettysburg. All the stakeholders—the town, the college, the parks, and the business community—had to be included." ◆

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of the Every Friday on NDOL.org

Helping Workers Displaced by Open Trade

The country needs an agenda of policies that expand the winner's circle by helping workers equip themselves with the tools necessary to succeed in a more demanding economy.

One element of this agenda is a stronger effort to help workers and firms affected by trade competition. In this regard, Senate Finance Committee Chairman Max Baucus (D-Mont.), Sen. Jeff Bingaman (D-N.M.), and Majority Leader Tom Daschle (D-S.D.) deserve applause for their proposal, S. 1209, to update and improve the Trade Adjustment Assistance (TAA) program, the federal government's principal means of helping workers displaced by trade competition gain new skills and find new jobs.

The main source of job loss in the United States, of course, is not trade competition. In the short run most job displacement comes from the business cycle, and in the long run from technological change. But though the group of workers affected by trade competition is relatively small, it includes especially vulnerable people.

Workers displaced by trade competition are on average older, less educated, and more likely to live in isolated regions than most displaced workers. A General Accounting Office study, for example, found that the average age of a TAA recipient is about 43, and that 80 percent of TAA beneficiaries (as compared to 80 percent of U.S. workers) have high school educations or less.

Over the long run, the ideal solution would be to develop a universal system of training, portable insurance, and limited wage support, available to all dislocated workers. For the present, and given the special profile of workers displaced by trade, four major reforms in the Baucus/Bingaman/Daschle bill will sharply improve current policies:

Simplification: The bill makes TAA easier to use by combining the two TAA programs into one, and letting local governments and state employment agencies file for benefits on behalf of affected workers.

Broader Coverage: It covers more people, in particular by opening TAA job training and unemployment insurance benefits to secondary workers.

Wage Benefit: It begins an experimental wage insurance program for workers over 50 years old.

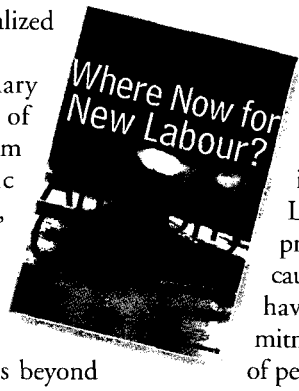
Health Insurance: And it provides support for health insurance for dislocated workers enrolled in TAA job training programs.

BOOKS

Where Now for New Labour? *by Anthony Giddens* • Polity Press • 84 pp. • $14.95

Renowned Third Way political theorist Anthony Giddens has weighed in with *Where Now for New Labour?*, his plan for Prime Minister Tony Blair's second term.

Giddens, director of the London School of Economics, argues that New Labour needs a clear answer to the question: What kind of society should Britain become? He envisions a Britain that is egalitarian while meritocratic and pluralist, with a revitalized public sphere.



The brief summary Giddens provides of New Labour's first-term successes—economic growth, job creation, and welfare reform—will sound familiar to U.S readers. As he acknowledges, New Labour must "progress beyond the ideas taken over from the New Democrats." Giddens' new domestic agenda consists of aggressive reform of public services, improved educational opportunity, environmental modernization, and enhanced regional democracy. National Health Service reform is a particular priority, as New Labour has been criticized for slow progress on this front. Yet Giddens cautions that funding increases will have to be matched by a commitment to reform and measurement of performance and outcomes.

Where to get it: www.politicos.co.uk/bookstore and major online booksellers

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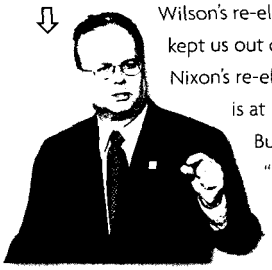
THE INDEX

by **BRUCE REED**

A Diary of the Progressive Opposition

LOVEandWAR

Karl Rove ⇩



Wilson's re-election slogan: "He kept us out of war"
Nixon's re-election slogan: "Peace is at hand"
Bush's re-election slogan: "Four more wars!"

Tom Ridge ⇩ What color is your parachute? Massive public amusement over his scheme to color code terrorist threats sends Ridge back to the drawing board. New ratings system: G, PG, PG-13, R, & NC-17.

Secret Government ⇧ To make sure government carries on if Washington is destroyed, Bush & Cheney build replica of K Street in hardened GAO-proof bunker in Nebraska.

INS Scandal ⇩ Truman Doctrine: "The buck stops here."
Bush Doctrine: "I just work here."

Stimulus Bill ⇔ Old liberal approach: If you can't solve the problem, throw money at it. New conservative approach: Wait till problem is solved, then throw money at it.

Environment ⇩ Bush saves U.S. from threat of **fuel-efficient SUVs**. White House panics after EPA official resigns in protest over lax environmental enforcement: no more lobbyists left for administration to hire.

Debt Ceiling ⇧ Republicans prove they're not the party of big government, they're the party of big government debt. Reagan-Bush add trillions in IOUs to the rights of the unborn.

Trade ⇩ Bush swaps his pro-trade principles to steel industry for 2004 draft picks. Administration finds another new name for fast-track: "Horse-Trade Promotion Authority."

Marriage ⇔ Bush's war on poverty: Let them eat wedding cake! The last time a White House tried **marriage promotion** on such a massive scale, it took years to find someone to marry most-eligible-bachelor George Stephanopoulos.

Campaign Reform ⇧ Bush signs campaign finance reform, asks for line-item veto so he can cross out McCain's name. Doubling of hard-money limits gives Bush a new slogan for '04: "Reformer with Receipts."

INTERNET TOOLS

GlobalSecurity.org

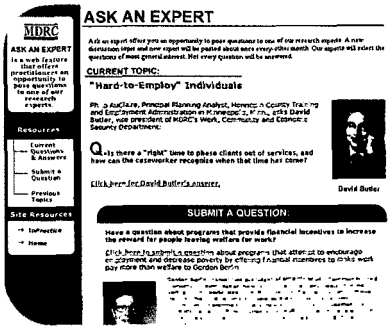
Dedicated to minimizing reliance on nuclear weapons and outdated military methods, this news-filled site promotes ideas for transforming and modernizing military capabilities. Its content includes space and technology issues as well as cyber strategies.

• Where to get it: www.globalsecurity.org

Manpower Demonstration Research Corp.

Founded in 1974 to study the effectiveness of Great Society programs, MDRC is a respected non-partisan social policy research organization. Its Web site includes the full text of in-depth studies on welfare policy, education, employment, and community initiatives.

• Where to get it: www.mdrc.org



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Community-friendly computer training

By maximizing students' skills, Massachusetts schools are minimizing their costs.

typical private-sector company with 1,300 employees might have a tech-support team—the people who make computers work and information flow—of eight or 10. Yet a typical Massachusetts high school of comparable size, with 350 or more computers, has a technology staff of one. What if that staff swelled into the dozens—at no additional cost—and the community benefited to boot?

That's the question Michael Goldstein began asking himself six years ago as a Harvard graduate student. By 1998, he had developed Youth Tech Entrepreneurs, a business-oriented computer-training curriculum for Massachusetts high schools. The result: A new breed of technicians—the students themselves—now maintain their schools' computer systems, saving the schools $15,000 to $20,000 annually. And with an after-school community-service component built in, students learn to balance skilled work with social responsibility.

"Often school districts buy new computers as part of the capital expense when they build or renovate a building, but maintenance is not included in that," says Goldstein, who created the intensive training program as a master's project at the Kennedy School of Government. "Maintenance tends to fall by the wayside when schools are faced with tough financial decisions."

Essentially, Goldstein says, his model "trains schools to train students." The gist is to instill in students the value of helping out in the community while educating them on the importance of, well, education.

"The service component here has been around a long time, but our students know how to design a Web site, how to troubleshoot computers," Goldstein says. "They have hard-core skills that are in demand, and as a result they get a pretty good opportunity to make a real difference in their community."

Projects have included designing and upgrading Web sites for schools and their individual departments, creating a cyber café for a local group of seniors, and producing an informational show for cable access viewers. Students are learning to share their skills with the community and are viewing business differently, too.

But the students also realize the importance of staying the course, and about half have gone on to take technology classes in their first year of college. One high school that normally sends about 50 percent of its students on to higher education programs has seen 100 percent participation in higher ed from its YTE students.

Goldstein, who previously had developed a student-friendly nonprofit in Rhode Island, started out by securing a grant from the student newspaper at the Harvard Business School to get his computer-training program off the ground. Twenty months later, it was adopted by the Massachusetts Department of Education, which oversees it today in 67 schools statewide.

HIGH-TECH HIGH SCHOOLERS: Students in a pioneer computer-training course apply their classroom lessons to community projects, maintaining school computers, and pursuing higher education.

Meanwhile, Goldstein is hard at work projecting everything from long-term revenues to teacher needs to overall goals and how to measure them. By creating what he calls a "concrete business plan," he hopes to continue his impressive streak with superintendents, school boards, potential employers for students, and other parties important to YTE's success. The program should branch out into New Hampshire during the next fiscal year, and Goldstein predicts it will be available nationwide by April 2003.

"This is about leveraging students to solve some really knotty public policy problems," Goldstein says. "They're not just bystanders—they're part of the process." ◆

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Jobs that grow

James asked that his real name not be used, but his story isn't unusual in Silicon Valley. After working at several computer-chip factories, the 30-year-old was laid off. A temp agency found him a stockroom job. He not only earned less money, but his job left him without health insurance. That's why James went to work nights and weekends as a waiter. He wanted to get a college degree so he can return to chip manufacturing, but he had no time to attend classes at San Jose State University. That's where the community college system could make a difference.

To ensure that workers like James not only contribute to the growth of the New Economy, but also share in its success, we need a new approach to job training and career development. But achieving that demands something else, too: a mechanism to guarantee that the skills and responsibilities workers gain are reflected in their paychecks.

Last year California's 108 community colleges launched the Initiative for Developing California's New Workforce, also called the Career Ladders Initiative. This effort, backed by Democratic Gov. Gray Davis, doesn't create another bureaucracy. Instead, it presents the state's community colleges, the world's largest post-secondary education system, with a new mission: collaborating with employers, entrepreneurs, and others to prepare workers not only for a specific job, but for a *sequence* of jobs. For example, rather than simply train a worker for a custodial job at a hotel, this sectoral approach might offer a long-term training regimen leading eventually to a more substantive position in a hotel sales department. By redefining training as an ongoing process to help workers climb the rungs of their own career ladder, the California initiative represents a radical departure from traditional efforts. Instead of James gaining skills to perform a job that may no longer exist in five years, he would be engaged in a lifelong learning continuum. By working with employers to anticipate their future needs, community colleges can provide the training to help James keep pace with them.

As promising as this more holistic approach is, good training can only provide access—it doesn't assure outcomes. A good case in point is the child-care industry. The National Association for the Education of Young Children estimates that as many as 40 percent of child-care teachers in center-based programs have at least a two-year child development degree. Yet their average salary is $16,000 a year, and they usually don't have health benefits. In many communities, that's less than what groundskeepers earn.

The disconnect between workers' skills and their wages also offers a new role for one of America's oldest institutions: unions. By using collective bargaining to craft career ladders with employers, unions can help workers receive needed training and assure that their wages increase as their skills and responsibilities expand.

In Philadelphia, a joint program called the District 1199C Training and Upgrading Fund is backed by area hospitals and the hospital workers' union. The program has helped welfare recipients gain nurse-aide certification, licensed practical nurse training, and even high school equivalency diplomas. To date, 60 major health-care providers have hired graduates of the program. Just as significantly, through collective bargaining the union is able to work with employers to set wages. In this sense, a career-ladders initiative coupled with joint labor-management training programs may be the most effective mechanism both to train workers and help them into well-paid jobs. The problem is that there aren't enough programs like the one in Philadelphia—and there won't be unless unions organize more workplaces.

Over the last year, more than 5,000 workers in Silicon Valley have won their right to union representation. Many of these workers now have contracts that offer career development programs. The South Bay AFL-CIO Labor Council has also adapted union hiring halls and apprenticeship programs to the needs of the New Economy by creating a high-tech temp service. The labor council's Working Partnerships Staffing Services offers employers temp workers with state-of-the-art training in fields from word processing to accounting. By dedicating what would have been profits to their salaries and benefits, the workers are now the best compensated temps in Silicon Valley. Unions and neighborhood groups also joined together to ease the burden on working parents by making Santa Clara County the first county in the United States to offer universal health care for children. Now, together with San Jose's Mayor Ron Gonzales, we're working to expand the supply of affordable housing for working families.

Democrats need to talk not only about creating jobs, but also about building careers. We can begin by recognizing that for millions of Americans like James, community colleges and unions can become portals to success in the New Economy. ◆

Amy B. Dean, executive officer of the South Bay AFL-CIO Labor Council, is on the California Community College Board of Governors.

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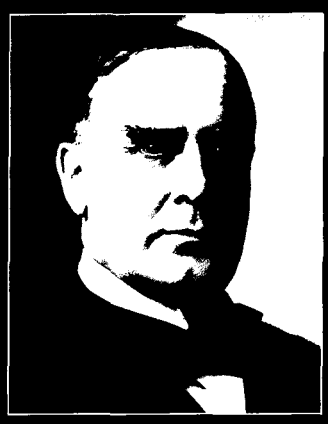
BLUEPRINT

May/June 2002

FOCUS ON BUCKS: The president has shown himself more in tune with the big-money politics of William McKinley (right) than with the reforms of Theodore Roosevelt.



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Bush's Achilles heel is a corporate imperative that listens to monied interests on trade, taxes, and energy. His weakness for the blandishments of K Street—hotbed of lawyers and lobbyists in Washington—has set the tone.

CORPORATE INFLUENCE

by **Marshall Wittmann**

t first glance, these seem like grand times to be a Bush Republican. The president found his mission defending America and avenging terrorist attacks. The recession is over, and the economy seems to be coming back. The Enron scandal has done little to dent his soaring approval. It's hard to find anyone in either party who thinks President Bush is vulnerable in 2004, perhaps not even all those Senate Democrats gearing up to run against him.

Ah, but no matter how mighty his poll ratings, Bush and his party have an Achilles heel: It's their penchant for corporate power. In the end, the success of Bush's presidency will turn on how long Americans tolerate that weakness, and on whether he can find a way to rise above it.

Many of my Republican friends tell me that Bush put that issue to rest by signing a campaign finance reform bill he had campaigned against. Indeed, that hope may be the only way the Bushies talked themselves into finally accepting it. But the corporate influence on this administration will long outlive the demise of soft money. The president and vice president, the Treasury and Commerce secretaries, and an army of political appointees came from the corporate world, and no doubt plan to return to it.

More important, the corporate imperative has become a way of life for many Republicans in Washington, driving not only how they make a living but also how they gather, organize, communicate, and think. Social conservatism is what Republicans talk about at church on Sundays. Corporate conservatism is what many Washington Republicans practice during the week.

Apart from impeachment and cutting taxes, many of the great causes congressional Republicans rallied around over the past decade were more corporate than conservative: defeating tobacco reform in 1998, blocking a patients' bill of rights and prescription drug coverage, filibustering campaign finance reform.

This year, the Bush administration has proved so open to corporate pleading that it

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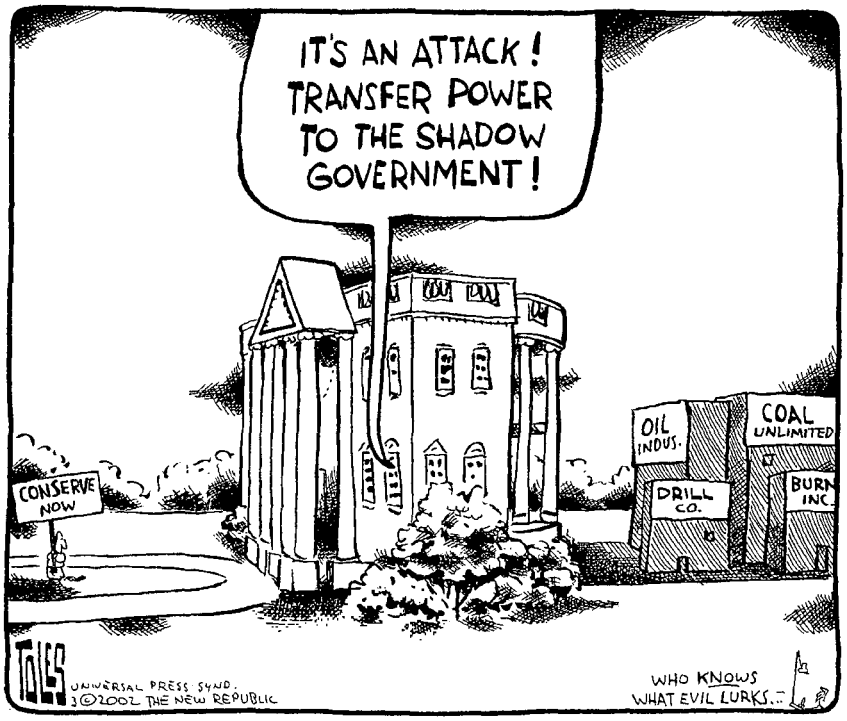
was willing to abandon its commitment to free trade and risk a trade war by imposing steel tariffs. Free market theology equates tariffs with taxes. But Bush's White House doesn't trust the invisible hand to carry West Virginia and Pennsylvania in '04. Consequently, the president embraced new taxes (tariffs) in a cynical move that some would even call "Clintonian." That would be unfair, however, because President Clinton was evidently more of a principled free trader than President Bush! It was further amusing to witness Republican lobbyists with pristine conservative credentials lobbying for this de facto tax increase.

To paraphrase those words from Robert Bolt in *A Man for All Seasons*, "It profits a man nothing to give his soul for the whole world ... But for West Virginia!!"

The GOP excoriated Ted Kennedy when he proposed denying a tax cut for the wealthy that had not yet been implemented. Unlike Kennedy's proposal, the steel tax will hit hardest middle-income Americans who will pay more for various products. Maybe that was the point.

The ultimate tribute to big money's hold on the Bush administration is that even when Bush appears to stand up for the working man, he does it to benefit corporate America. In an effort to split the Democratic base, Bush adviser Karl Rove's political operation in the White House has reached out to organized labor on steel and a host of other issues where labor is on the same side as management. Note that the White House has undertaken outreach efforts to the Teamsters union on oil exploration in Alaska and the United Auto Workers on fuel efficiency standards. There are even reports that the administration is extending an olive branch to the service-sector unions on issues such as immigration.



For some time, K Street—hotbed of lawyers and lobbyists in Washington—has set the tone in Republican ranks. Unfortunately, that is not the tone George W. Bush promised to change.

Republicans had a big problem going into the 2000 election. The anti-government and anti-communist glue that had bound the conservative movement was dissolving. Whatever his weaknesses, Clinton had taken away the easy targets for conservative attacks on Democrats. After years of denying there were any New Democrats or that there was any Third Way, most Republicans knew they had to change.

They were offered two paths. The first, provided by Sen. John McCain, was to recapture the legacy of President Theodore Roosevelt, by advocating government as an agent of "national greatness" and insisting on reform of government and of corporate influence on government. The second, provided by Bush (and backed by conservative ideologues, K Street, and the Christian right), was to change the face of the Republican Party rather than its ideology. The Republican faithful—or more accurately, a few thousand primary voters in South Carolina—chose the path of least resistance.

A century ago, another Republican president saw the need for corporate reform in order to preserve and strengthen American institutions. In the face of opposition within his own party, Teddy Roosevelt challenged the "malefactors of great wealth" to reform and change. He helped them along with anti-trust legislation, campaign finance reform, and industrial regulation; T.R. was truly a "reformer with results."

But the model for the Bush candidacy was the president that T.R. rebelled against, President William McKinley, who ran as the favorite of the new industrial titans of the late 19th century. The architect of the McKinley campaign was Ohio political boss Mark Hanna (who is Rove's role model). Hanna virtually made McKinley pres-

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ident through the marriage of the robber barons' money and the illusion that his candidate was a different kind of Republican.

The Bush campaign was predicated on the marriage of big money with old-fashioned *noblesse oblige* under the cover of "compassionate conservatism." Even though he ran as a "different kind of Republican," Bush was careful not to upset the corporate theology of the Republican Party. That doctrine animated his tax cut proposal, which was as economically regressive as it was fiscally irresponsible. As president, one of Bush's first initiatives was repealing the inheritance tax—a legacy of T.R. Alas, the modern robber barons, who rule the Republican Party, smiled.

Since T.R. left the Republican Party in 1912, it has not been exactly breaking news that the GOP has close ties to business. For Republicans to succeed, they have had to overcome the perception that they favored the big guy over the little guy.

For a while, the rise of the modern conservative movement helped Republicans put a Main Street face on a Wall Street party. Conservatives broadened the appeal of Republicans by attacking liberal elites on issues such as crime, welfare, and national security. The advent of the Reagan Democrats proved that Republicans could break the perception that they were beholden to big money.

By the late 1970s, big government was far more unpopular than big money. The tax revolt was the most visible symbol of the rebellion against the excessive growth of the government. When President Ronald Reagan vowed to cut taxes, the middle class cheered along with the traditional wealthy allies of the Republican Party. Reagan was, in a sense, a conventional tribune of conservative themes of lower taxes and limited government. But he also struck a definite populist chord.

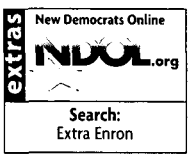
What broadened the traditional Republican coalition to include blue-collar Democrats and neo-conservatives was Reagan's promise to restore American greatness. His attacks on the Soviet "evil empire" resonated among traditional working-class Democratic constituencies. Reagan had a fundamental populist appeal to rank-and-file Democrats as one who would curb the excesses of liberalism run amok.

The 1990s, however, were a different story. Reagan's successor, President George H. W. Bush, was unable to maintain Reagan's populist popularity. In the midst of the recession in the aftermath of the Persian Gulf War, the Republicans once again became identified with indifference to the plight of the working American. Bill Clinton successfully ran as a different kind of Democrat and was able to recapture some of those Reagan Democrats.

The Clinton administration's early lurch to the left enabled Republicans to rally a revitalized conservative coalition. Main Street Christian evangelicals united with K Street big-money lobbyists to produce the Republican Revolution in 1994.

Upon taking over Congress, however, the Republican leadership opened its doors to the business community to advance an aggressive deregulation agenda. Conservative activists moved into the Republican establishment, many of them becoming business lobbyists themselves. They traded their polyester for Brooks Brothers. These once-populist right-wingers found that they could do well while doing good.

The social conservative agenda gave way to the business wish list. Abortion and school prayer divided the Republican coalition, and there was little movement on either front.



Meanwhile, Republicans dramatically overreached by shutting down the government in 1995, and Clinton consistently outmaneuvered them. The welfare system had long served as the symbol of big government that did not work. By signing welfare reform into law, Clinton was able to take the steam out of the anti-government movement that had partially animated the conservative insurgency.

George W. Bush's success in 2000 was largely a result of presenting himself as a "different kind of Republican" in contrast to the anti-government Gingrich crowd. By advancing a reform agenda on nontraditional Republican issues such as education, candidate Bush appeared more the compassionate conservative than the corporate handmaiden. Meanwhile, at a time of peace and prosperity, the Gore populist attack on Bush's ties to big money never gained traction. The cultural issues were also magnified as the country divided into blue and red states over the perceptions of cultural liberalism and Clinton's personal misbehavior.

Upon assuming office, the Bush administration aggressively pursued a pro-corporate agenda. This agenda should be distinguished from the traditional conservative agenda. There was no talk of limiting government. Rather, the Bush administration proposed to expand the number one target of the Gingrich revolutionaries—the Department of Education. Nor, was there much movement on the old agenda of the religious right. Even the president's faith-based initiative received a lukewarm response in social conservative circles. Defense conservatives were also disappointed that Pentagon increases took a backseat to tax cuts for the wealthy.

Indeed, the early agenda for the Bush administration appeared to be: comfort the comfortable. Like the Gingrich revolutionaries, the administration made it clear that what was good for business was good for America. The administration's energy and environmental program had the fingerprints of the corporate crowd. Big money's investment in the Bush administration was being rewarded with big government corporatism.

The centerpiece of the Bush agenda

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was the tax cut. That plan was steeply regressive with a small growth component. Prominently featured were a reduction of the top rate and elimination of the estate tax, a windfall for billionaires. It was truly a tax cut that a robber baron could love. The manna for the masses was a $600 rebate.

The tax measure represented the historic nadir of contemporary conservatism. It is indeed thin gruel to base a movement on $600 rebates and the end of the death tax!

Since Sept. 11, the president's effective wartime leadership has earned him widespread popularity. His moral clarity on the war against terror has a populist appeal that has enabled him to largely overcome the perception that he is tethered to big money. Indeed, in his courageous and resolute pursuit of this war, the president is following the model of T.R.'s assertive nationalism.

But those pesky lords of K Street just won't go away. The fire beneath the World Trade Center was still burning when lobbyists swarmed the Capitol to push for a mammoth stimulus bill of corporate tax breaks. With the administration's blessing, House conservatives held out for billions in special interest favors. The economy where ordinary Americans live was forced to recover on its own.

Meanwhile, Enron imploded. Enron became the metaphor for the corrupt intersection of political money, lax regulation, and the arrogance of corporate greed. Contrary to some Democrats' claims, the issue is not one of Bush administration complicity in the fleecing of the stockholders and the workers. So far, there has been little evidence of administration misdeeds. Rather, Enron has become a symbol of deregulation excess. The close relationship between the corporation and many in the Bush administration only served to highlight the Republican Party's relationship to big money.

There's a cautionary tale in all this. Even though our free market system is morally superior to any other, an enemy within it threatens its legitimacy. Those who don the garb of morality and religion in politics cannot shirk the obligation to condemn financial decadence and immorality. Enron is a tale of soft money from high-six-figure K Street lobbyists lubricating the big deals in the nation's capital. This fast cash purchased a toothless regulatory system that allowed fraud to flourish.

Of course, some Democrats have overreached in their attacks on Enron, much as the Gingrich Republicans did in their assault on big government. The Dems have also erred by trying to ferret out a political scandal within the Bush administration, missing the larger opportunity to champion sensible corporate reform. The challenge for Democrats is to be pro-reform and not anti-capitalist; they can't be seen to be against prosperity.

Although Enron has yet to have an adverse political impact on the GOP, Republicans ultimately have the most to win or lose with the Enron revelations. One of the populist appeals of modern conservatism was its support of law and order against the excesses of liberalism. Enron could eventually highlight the inconsistency that the GOP is soft on wealthy, white-collar miscreants. Republicans have an interest in not only prosecuting the criminals, but also closing the loopholes in the law that enabled knaves to flourish.

The White House is not entirely oblivious to the possible political ramifications of Enron. President Bush has taken very modest steps to address the issue of corporate accountability. Unfortunately, his initiatives are too tepid to forestall future Enrons. Still, it is an important concession any time a Republican administration admits that the market alone does not mend itself. Prudent government intervention is essential.

By advancing a more aggressive agenda with genuine enforcement guarantees in the areas of accounting, pensions, and commodity trading, President Bush could still achieve an important political accomplishment. Such a Nixon-to-China moment could significantly broaden the Republicans' political coalition.

Like President Clinton's action on welfare, President Bush could play against type and reach out to the political center. An innovative corporate reform agenda could undermine the Democratic attacks that Republicans are the handmaidens of corporate power. By tackling the issue of corporate responsibility, he may enrage some on the big money right such as Tom DeLay, the concierge for the K Street corporate crowd. However, given the president's popularity, this is clearly a risk worth taking.

Consistency certainly won't stop the administration from pursuing a more robust corporate reform agenda. This administration has proved that it can turn on a dime when it comes to political considerations. For years, soft money was the near sacred sacrament that held together the religious right and the corporate tycoons. But when the issue of money in politics gained traction in the wake of Enron's implosion, the administration rushed to join the campaign finance reform parade.

Therein lies the choice for President Bush: to go through the motions of reform without really changing his party, or to become a true champion of the common man by saving capitalism from itself. The war has brought out his inner T.R., but he needs to leave his inner McKinley behind. ◆

"Those who don the garb of **morality** and **religion** in **politics** cannot shirk the obligation to condemn **financial decadence** and immorality."

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INVESTORS

Restoring faith in the markets should be our No. 1 priority. We must safeguard both choice and opportunity.

MARKET CONFIDENCE. Rules to protect investors will help ensure the integrity of U.S. capital markets, such as the New York Stock Exchange.

by **Paul Weinstein Jr.**

hile historic advances in technology are most commonly considered the engine of rapid economic growth in the 1990s, the enormous influx in private capital—from Americans investing in their future or in their children's education—provided the gas.

In the 1990s Americans were willing to place their hard-earned savings in the U.S. capital markets because they had confidence in the integrity of those markets. But after the bursting of the technology bubble and the first bear market in over 10 years, and especially after the debacles at Enron and Global Crossing, many investors are questioning whether they are getting a fair shake. Confidence in the systemic integrity of the financial markets—the glue that keeps them functioning—has been weakened.

Many on the political right support the status quo, arguing that the markets themselves will correct this situation. Others on the left have called for greater government intervention to protect people's financial security. In reality, restoring confidence in our financial markets will not be achieved by a blind faith in the genius of the market or by passing a flood of new, costly government regulations. Rather, we should provide investors with greater choice and more opportunities to control their financial destiny.

Paul Weinstein Jr. is a senior fellow at the Progressive Policy Institute, teaches at Columbia University, and is a consultant at Promontory Financial Group.

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How can we empower shareholders? By offering a new deal to guarantee the rights of all shareholders, not just corporate insiders. It should be based on the following seven principles:

All investors have the right to know. While senior Enron executives sold millions of shares right before their company's collapse, some small investors and employee shareholders were left in financial ruin. To level the playing field, corporations should provide real-time disclosure of information to investors, including all sales of company stock by the firm's executives, within 24 hours. In addition, Congress should require companies to file their earnings statements with the Securities and Exchange Commission the same day they issue their earnings press releases. Providing both documents would give investors a truer picture of a company's performance.

All investors have the right to hold corporate managers accountable for playing by the rules. Chief executive officers and other top executives should not be allowed to play by a different set of rules than the rest of us. In fact, those who are entrusted to lead their companies should be held to a higher standard. That's why corporate America should heed Sen. Joe Lieberman's (D-Conn.) advice to create a council of business advisers to guide the government's policies on reform and to push companies to adopt voluntary codes of conduct. Furthermore, Congress should enact a proposal offered by Treasury Secretary Paul O'Neill to make CEOs more accountable. The O'Neill plan—which was killed by the Bush White House—would have required CEOs to certify their annual reports to investors. It would also have held them accountable not only if they intentionally misled

CORPORATE MISCONDUCT

The Enron scandal cries out for government action. But sometimes a conscience is what counts.

by **Sen. Joe Lieberman**

In too many realms of American life, we've seen a dangerous drift away from fundamental values of honesty, equity, and charity toward a single-minded devotion to maximizing profit. We've seen it in Hollywood, where higher ticket counts are used to rationalize mounting body counts. We've seen it in Washington, where the big money raised from a small number of well-connected donors has too often eclipsed the critical concerns of millions of average Americans. In too many cases, the bottom line has become the only line we're willing to draw. If it's legal and makes money, then we say it's okay, even when we know it's wrong.

That's wrong. Markets are amoral by nature. They have tremendous power to maximize efficiency, variety, and quality and to minimize price—but market values do not inherently incorporate moral values. As we saw with Enron—a company that literally built part of its false fortune on valueless markets—the drive for earnings, unchecked by other values, usually ends in disaster.

In Washington, some legislators are eager for government to assume total responsibility for heading off every market failure. Others insist that capitalism has worked as intended in Enron's case and that government has no meaningful new role to play here.

They're both wrong. Those who idealize the government's role and suggest heaping so many new regulations on businesses may stifle the American spirit of enterprise. Those who idealize the market's self-corrective powers don't see the size of the scar or the powerful temptation to return to business as it was before. The Enron scandal cries out for governmental action, but we must acknowledge before we act that there are twin dangers—of doing too little and doing too much.

Government has to develop better tools to fight corporate misconduct. What makes Enron's collapse so noxious at the core is that those who broke the rules and shredded their side of the social contract made out like, well, bandits, while those who played fairly lost everything. We can't allow this episode to add to the long list of cases in which white-collar criminals are treated with kid gloves. We must make clear to corporate America that the same law will govern the chief executive officer and the mail-room worker, and that it will be enforced with equal vigor for all. Whatever

Sen. Joe Lieberman (D-Conn.) is chair of the Governmental Affairs Committee and a senior member of the Armed Services Committee.

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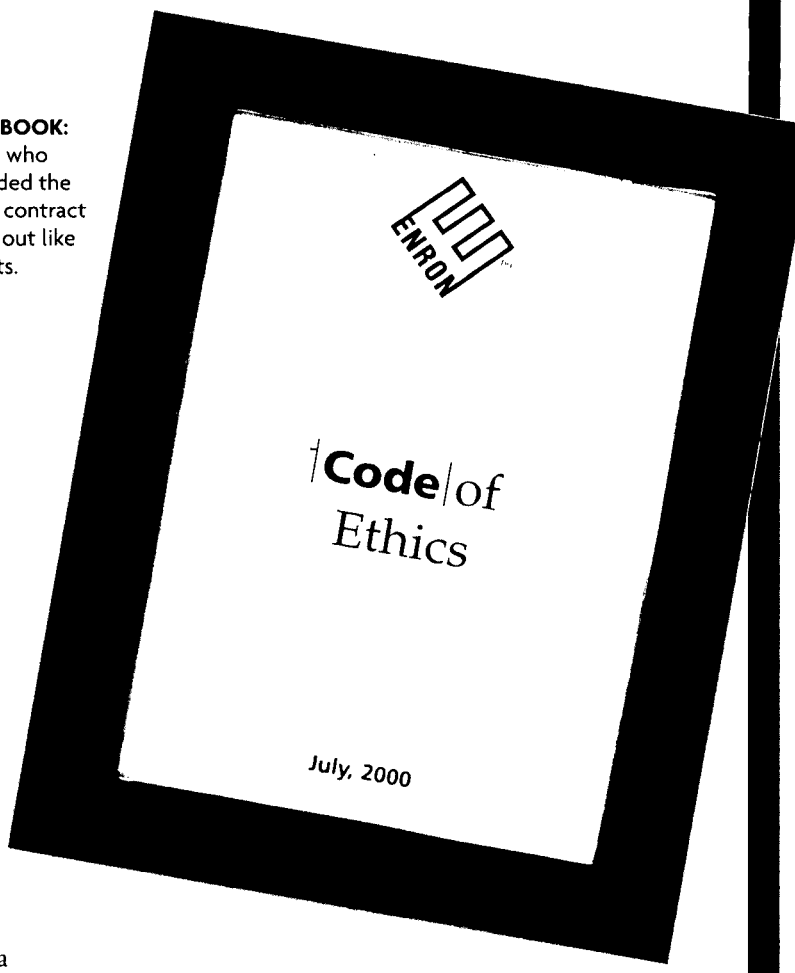
investors—the legal standard for taking criminal action against them—but also if they failed to stop corporate wrongdoing out of negligence.

All investors have the right to an independent, skeptical board of directors. Corporate directors are responsible for objectively negotiating executive compensation packages and aggressively questioning company management and the outside auditors to ensure that the financial statements truly reflect the value of the company. But when director independence is compromised, rubber-



RULE BOOK: Those who shredded the social contract made out like bandits.

the color of your collar, if you break the law, you'll go to jail.

We also need to ensure that the members of boards of directors truly uphold their fiduciary responsibilities. Serving on a board is a job, not a reward. When board members consistently fail to satisfy their fiduciary responsibility to shareholders, the Securities and Exchange Commission should have new disciplinary powers to remove them from any and all boards on which they serve.

We need to increase the independence of Wall Street analysts, whose incentives too often seem to make them into stock salespeople rather than stock watchers. We need to ensure that credit rating companies are using the inside information they have access to more aggressively to anticipate and protect the markets, not just react to them. And we have to curtail the non-audit work that accounting firms can do for the companies they audit, and create a strong and independent disciplinary body to oversee this critically important but currently tarnished profession.

People who have 401(k) plans deserve more control over their money and more freedom to buy and sell their stocks. They shouldn't be locked in by age restrictions or other unnecessary barriers while highly compensated executives are free to sell their stock whenever they see fit.

All these measures will help restore public trust in the markets. But we need to do more. A task force on corporate policy could help shape the new standards for auditing and corporate governance, help craft new rules for analysts and credit agencies, and offer non-partisan input. It would also allow a group of our most successful business leaders to remind us from within that just as man does not live by bread alone, so too do corporations not survive by profit alone.

Enron also clearly demonstrated that a corporation's culture can be at least half the problem. That's why I challenge companies—especially large, multi-national enterprises—to work hard every day to create cultures with clear chains of command and shared responsibility for important decisions. Checks and balances need to be strong enough to assess the ethical consequences of corporate action on an ongoing basis—not just after a big mistake has been made. Post-Enron, the American people won't tolerate another maddening, passive, amoral maze of finger-pointing and blame-shifting when everyone can see something went terribly wrong.

Ultimately, the Enron scandal reminds us that whatever we do in life, there will always be a place and a space where human conscience alone must guide our actions, when we have to make a choice, in the privacy of our personal lives, between right and wrong. ◆

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stamp endorsement of huge pay packages and misleading annual reports can be the results. To safeguard the interests of the investor, we should prohibit company directors from consulting for any company on whose board they sit. In addition, all publicly traded companies should have at least one board member selected by the exchange on which the company's stock is traded (NYSE, AMEX, NASDAQ, regional exchanges, etc.). Finally, when board members clearly fail to satisfy their fiduciary responsibility to shareholders, the SEC should have new powers to prohibit them from serving as directors for any other corporation.

All investors have the right to independent auditors who act on their behalf. As Arthur Andersen LLP has discovered, an accounting firm's reputation is priceless. Once it disappears, so do the clients. To restore confidence in the accounting industry, Congress should eliminate possible conflicts of interest by prohibiting accounting firms from providing consulting services to businesses they audit. To improve the quality of audits, the SEC should be granted the authority to hire a second accounting firm to conduct peer review audits at random or when requested by shareholders.

All investors have the right to a corporate governance system that will enable their real-time participation in important matters. The primary opportunity for investors to interact with company management is at their annual meetings. Unfortunately, most small investors lack the means to travel to these conferences at which vital business decisions are ratified. Some companies like Coca-Cola Co. offer their stockholders the chance to vote via the Internet. We should guarantee that Internet voting is available to all shareholders and require that every publicly traded company provides a Web cast of its annual stockholder meetings starting in 2007.

SEEKING SECURITY: Individual investors need assurances that managers will play by the rules. But they, too, have a responsibility for informed investment choices.

All investors have the right to honest and unbiased information from stock analysts. Many shareholders rely on stock analysts at brokerage firms for unbiased information on companies. Sadly, as the Enron case revealed, many analysts issue favorable reports to protect their employer's investment banking relationship at the expense of fundamental and honest research. All financial analysts should have to disclose the nature of any financial relationship between the companies they cover and their employers. Furthermore, to guarantee independent analysis, analysts should not be permitted to cover companies with which their firm has an investment banking relationship.

All investors have the right to laws that protect shareholder interests and encourage efficient markets. It makes no sense to create new requirements for corporations without enabling the SEC to ensure that companies comply with them. Between 1991 and 2001, SEC filings rose by 59 percent, but the SEC's enforcement staff grew only 16 percent. Last year, in fact, just 16 percent of 10-K filings received financial reviews. The rest just sat there. To fix this problem Congress should raise the SEC's budget to meet the increase in SEC filings and ensure that its employees are paid as well as their counterparts at other financial regulatory agencies.

Investing carries risks as well as rewards. And while the government and companies should work to level the playing field for all investors, no one can or should guarantee an investment. Every investor has a responsibility to educate himself or herself about our financial markets and to carefully consider any investment before committing financial resources. Ultimately, the best advocates for investor rights are shareholders themselves. ◆

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BACK TO T.R.? Reform Republicans like McCain call for ending corporate welfare and a more robust global engagement, just like the original Bull Moose himself.

GREATNESS

by **Tod Lindberg**

The newest threat to George W. Bush comes from the "national greatness" Republicans and their fondness for John McCain.

ast March, a campaign finance reform bill finally made its way out of Congress to the White House, where George W. Bush, abandoning long-standing Republican opposition, quietly signed it despite his view that it was flawed. But this was hardly Bush's moment. Instead, it was the crowning achievement of his one-time rival for the GOP presidential nomination, Sen. John McCain of Arizona, who has labored tirelessly on the issue for many years, consistently provoking sharp criticism from fellow Republicans.

During the Republican primary season in 1999-2000, McCain emerged not only as Bush's only serious political rival, but also as the embodiment of the hopes of a dissident group of Republicans for a new kind of GOP politics, one that would make a clean break with the concerns and preoccupations of the dominant Republican strains in Congress. McCain was a war hero emphasizing patriotism and personal sacrifice, in contrast to the complacent self-regard of the times and the stark anti-statism of the congressional GOP.

The leading theorist of the dissident wing was David Brooks, who in March 1997 had written a remarkable piece for *The Weekly Standard* called "A Return to National Greatness: Manifesto for a Lost Creed." Brooks lamented the small-mindedness of both the times and the conservative vision, con-

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trasting it with periods in which Americans had a more robust sense of themselves and their national purpose. "America is a more dominant power in the world than Americans a century ago could ever have imagined," Brooks wrote. "Yet we have almost none of the sense of global purpose that Americans had when they only dreamed of enjoying the stature we possess today." For Brooks, the emblematic American figure of "national greatness" was President Teddy Roosevelt, "who believed in limited but energetic government, full-bore Americanism, active foreign policy, big national projects (such as the Panama Canal and the national parks), and efforts to smash cozy arrangements (like the trusts) that retarded dynamic meritocracy."

Could McCain be the new T.R.? The advocates of "national greatness" certainly hoped so. "Right now [McCain's] sentiments are vague," Brooks conceded in a September 1999 *Standard* article, "One Nation Conservatism," which nevertheless portrayed McCain as the embodiment of an emerging "new Republican philosophy."

On policy issues, McCain styled himself first and foremost as a reformer, starting with campaign finance but hardly ending there. He called for ending corporate welfare—thereby antagonizing any number of GOP-aligned big-business interests. In a bid for the mantle of superior fiscal responsibility, he promoted a tax cut smaller and more targeted to the middle class than the one George W. Bush was pushing. McCain was also a long-time foe of pork-barrel spending, and he pledged to use the bulk of the federal budget surplus to address the long-term needs of Social Security.

McCain also pressed a vision of a more robust U.S. global engagement, faulting not only the Clinton administration for irresolution and feckless, but also the mainline GOP for a pinched and narrow view of what the United States could or should do abroad. In 2000, McCain was talking about "rogue state rollback." And he distanced himself from GOP realpolitik by saying he was open to U.S. intervention for humanitarian purposes, not quite vowing "no more Rwandas," but coming close.

Whether it was the issues or the personality—he named his campaign bus the Straight Talk Express—McCain was a huge hit, especially with independent voters. He started to rise in the polls from the moment that George W. Bush emerged shakily from his Austin, Texas, redoubt. When the results came in New Hampshire, McCain was running nearly even with Bush among GOP voters and had capitalized on rules allowing independents to vote in party primaries to inflict a near-fatal blow to the front-runner.

The GOP establishment, which had long since coalesced in support of Bush, hated McCain. But clearly, he struck a chord with swing voters and was drawing a number of people into politics for the first time, especially young people. As for the dissenters within the GOP, the discontent with Bush took many forms, from a visceral dislike for the frat boy in him to the sense that he simply wasn't up to the job, either of defeating Al Gore or of the presidency itself. If you had to boil the discontent down to a single phrase, it would probably be "small-time." In this reading, Bush and the GOP establishment represented too little, asked too little of themselves, and were prepared to settle for too little. They had embraced a kind of least-common-denominator approach to managing their own coalition, and there was reason to worry that their approach would translate into a least-common-denominator domestic agenda and foreign policy, too.

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It's striking how neatly the differing views of Bush and McCain dovetailed with the views among the GOP intellectual set of the "national greatness" project itself. Libertarians hated it, as one might expect. And many, if not most, orthodox conservatives saw it as little more than the latest iteration of a longtime bugbear, namely, "big-government conservatism." (This response was no doubt aggravated by the praise that the notion of "national greatness" was receiving in certain Democratic circles.)

As Brooks wrote in 1997, "It almost doesn't matter what great task government sets for itself, as long as it does some tangible thing with energy and effectiveness." In this sense, McCain and the project were well matched: McCain was a study in energy and effectiveness; yet his policy agenda is still a work in progress, falling short of a fully developed alternative to Bush-brand Republicanism. Meanwhile, as he did in the 2000 campaign, Bush has responded primarily by trying to co-opt McCain's argument. Bush proposed his USA Freedom Corps after McCain (with DLC Chair Evan Bayh) called for a major expansion of national service. And, in the end, Bush signed McCain's campaign finance reform bill.

So in this sense McCain and his allies have shaped their party's agenda. But in the meantime, we have had "national greatness" thrust upon us in no uncertain terms by the Sept. 11 terror attacks. The great task of mobilizing America to wage a long campaign against terrorism has, for now at least, eclipsed the McCainiacs' reformist critique of the GOP.

Will these tensions within the conservative camp resurface? We'll see. In the war on terror, "national greatness" now has a proper project, but in the GOP at least, it's Bush's. ◆

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Reinventing old age

The baby boomers, who created a cult of youth based on sex, drugs, and rock 'n' roll, are about to reinvent what it means to be old. As America's biggest generation starts turning 65 nine years from now, the elderly population will explode. Yet the coming gray revolution isn't just the boomers' last act, it's the beginning of a permanent, structural change in advanced societies. Not only will there be lots more older people, but advances in science and medicine will transform aging itself.

Tracing the contours of this seismic shift is a fascinating report on "Aging in the 21st Century" issued recently by Stanford University's Institute for Research on Women & Gender. In clear, non-academic language, it highlights the key trends that are prompting us to think anew about growing old:

Longevity has redefined our life span. In 1900, U.S. life expectancy averaged 48 years; now it's 77 years. In just one century, nearly 30 years have been added to our life span—a gain unprecedented in human history. For individuals, it means a whole new stage has been added to our lives. For society, it means a huge, sustained increase in the elderly population. In 1900, only 4 percent of Americans were over 65; by 2030, a whopping 20 percent will be over 65.

Heterogeneity rules. The report highlights growing differences in health, cognitive ability, financial status and living arrangements among older Americans. Successful aging isn't merely a matter of chance or good genes. It also hinges on such factors as education, personal behavior, access to health care, and work conditions. Public policies—mandatory retirement ages, for instance—that fail to take into account this increasing variability among older populations could wind up reinforcing existing patterns of inequality rather than reversing them.

Extending life vs. prolonging death. Thanks to better nutrition and health care, many Americans now survive diseases that used to kill them. But too many citizens remain needlessly vulnerable because they don't have basic health insurance. Government should spend more on health promotion and disease prevention, and focus medical research on cures for chronic disabling diseases like diabetes, Parkinson's disease, and arthritis. The Holy Grail of gerontological medicine is to "compress morbidity" by improving the quality of life rather than just extending lives marred by chronic illness.

These realities, the report concludes, require a major cultural adjustment. Americans need to revise their mental picture of aging as well as the assumptions on which "old age" institutions were built. We can start by jettisoning the stereotype of old people as "psychologically brittle and physically decrepit." In fact, disability is declining among the elderly.

It's also time to modernize our aging-but-vital public systems, especially Medicare and Social Security. Reform advocates traditionally have tried to gain political traction by sounding alarms about the programs' looming insolvency. A new tack would stress the opportunity to harness these venerable programs to new understandings about how to "optimize aging."

A better Medicare program, for example, not only would add a prescription drug benefit, it would also measure outcomes, hold providers accountable for performance, and offer expanded choices for recipients. Government also should act to create a market for long-term health insurance, perhaps by offering such plans itself.

A reformed Social Security system, at a minimum, would stop discriminating against single women and widows. But longer life spans mean that most of us will have to work and save longer to avoid outliving our assets or putting unfair payroll tax burdens on younger workers. Rather than raise the official retirement age, however, we should simply discard it, letting workers decide when to quit and rewarding those who choose to work longer.

Finally, we should expand national and community service initiatives like the Senior Corps, to tap the volunteer energies of older Americans. Service offers a dual benefit: Research on successful aging shows that social connectedness and purposeful activity make for longer, healthier lives. Moreover, the boomers will constitute an invaluable store of social capital we can and should tap to confront a variety of urgent public needs—from a looming shortage of quality teachers to skyrocketing demand for home health care.

So far, the aging debate in Washington has dwelled, predictably, on money—namely the massive transfer of wealth, in the form of higher taxes, which will be necessary to meet the boomers' health and retirement needs. This is obviously critical. But it's just as important to start thinking about how we can engineer a reciprocal transfer of the experience, skills, and wisdom of older Americans to younger generations. ◆

Will Marshall is president of the Progressive Policy Institute.

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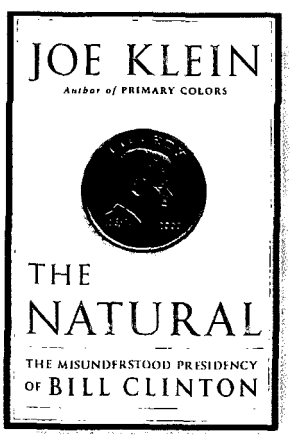
EXCERPT
by Joe Klein

Bill Clinton's Politics of Persistence



Joe Klein is a staff writer for *The New Yorker*. This is his fifth book.

or journalist Joe Klein, Bill Clinton was "so extremely natural that there was no knowing what his nature was, or what came next." This famous description of William James by George Santayana sets the tone for Klein's book, The Natural: The Misunderstood Presidency of Bill Clinton. *As one of the first national journalists to write about Clinton's politics in the early 1990s, Klein recognized that the Arkansas governor represented a break from encrusted orthodoxies of the Democratic Party, and that what he was trying to do could dramatically shift the ideological ground on the left. At the same time, Klein saw in Clinton an original, a visceral campaigner whose political skills were of a different order. That's why there was no knowing what would come next.*

What came next was a presidency that was Promethean in its ambitions, creative in its achievements, bitterly disappointing in its failures. Klein tells all that. He also notes that the president took America into the Information Age but didn't get much credit for it—ironically because he failed to communicate it. Instead, he succeeded on sheer persistence.

—The Editors

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It can be argued that the reason Bill Clinton succeeded as well as he did in the substance of his presidency is that—intellectually, at least—he was quite the opposite of the slickster his enemies imagined: He arrived in Washington with a coherent, sophisticated political vision, which he pursued rigorously, quite often in ways that were politically inexpedient in the short term. He had, by turns, alienated traditional liberals, conservatives, and moderates, but his heresies were schematic. The apparent contradictions in Clinton's agenda—support for free trade (which should have pleased conservatives) and for universal health insurance (which should have pleased liberals); support for welfare reform (which appalled liberals) and for affirmative action (which appalled conservatives)—were all part of what he considered to be his larger mission: to manage the nation's transition from the Industrial Age to the Information Age.

He had been proposing that as his political project for years. But to most ears, the formulation "from the Industrial Age to the Information Age" seemed grandiose at best; it sounded like political boilerplate culled from focus groups...or worse, messianic baby boom hooey. (It was no accident that the other American politician retailing the notion of a "historic" economic paradigm shift back in the 1980s, and who used almost the exact same words as Clinton did, was Newt Gingrich.)

Clinton's ultimate success in this project was mixed, at best. But he never received credit for the essential coherence of his vision because he never found a way to articulate it credibly, much less succinctly—no small irony, given his ability to communicate. He wasn't even sure what

ON MESSAGE: At the DLC's 1991 annual meeting in Cleveland, Clinton delivered the speech that became the mantra of the New Democrat movement.

to call the program. He had tried "The New Choice" in 1991 and then "The New Covenant" during the 1992 campaign. He called himself a "New Democrat." His final attempt, destined to be only marginally more successful than the others—except overseas, where it became the rallying cry of former leftists who had discovered the inevitability of the global marketplace—was to call his philosophy "the Third Way."

In his 1998 State of the Union address, Clinton delivered his statement of creed: "Rarely have Americans lived through so much change, in so many ways, in so short a time. ... We have moved into an Information Age, a global economy, a truly new world. ... We have moved past the sterile debate of those who say government is the enemy and those who say government is the answer. My fellow Americans, we have found a Third Way. We have the smallest government in 35 years, but a more progressive one. We have a smaller government, but a stronger nation." He was interrupted here by ironic applause from the Republicans. But he pressed on, reciting the three principles of the Third Way: opportunity, responsibility, and community—words that Clinton had made the slogan of the moderate Democratic Leadership Council when he became its chairman in 1991. Ever since, politicians from Tony Blair in England to George W. Bush in Texas had used the same words to win elections; by 1998, however, the formulation was beginning to seem hackneyed and, in revisiting it, the president lost steam. He made a last attempt to summarize his governing philosophy, offering a three-point "strategy for prosperity: fiscal discipline to cut interest rates and spur growth; investments in education and skills ... to prepare our people for the new economy; new markets for American products and American workers."

This was the heart of his governing philosophy, succinctly put, but there was no applause. The words were too abstract; there was nothing stirring or striking or controversial about them. The Third Way—which, in practice, chal-

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lenged both liberal and conservative orthodoxies—could sound like Everyone's Way when massaged into platitudes by a decent speechwriter. Clinton's next statement, however, brought an explosion of bipartisan cheers: "For three decades, six presidents have come before you to warn of the damage deficits pose to our nation. Tonight, I come before you to announce that the federal deficit—once so incomprehensibly large that it had eleven zeros—will be, simply, zero."

The New Democrat philosophy was seen—and is *still* seen by die-hard, old-style lefties—as a cynical corruption of the true faith, an electoral strategy gussied up as a political philosophy. Which was rather ironic, since traditional liberals soon began to adopt many of the positions developed in the early 1990s by the Progressive Policy Institute (PPI), the think tank of the DLC. These included the importance of fiscal conservatism, a greater insistence on responsible social behavior, and a more aggressive posture in the world, to name three. Still, even DLC founder Al From would have moments when he would wonder if Bill Clinton had hooked up with the New Democrats merely because their message polled so well. "That's true," From says, "but from the start, Bill Clinton was with us on the issues, especially big ones like day care."

The battle over day-care assistance represented, in the late 1980s, the purest example of the philosophical difference between Old and New Democrats. Bill Clinton and his Republican colleague, Tom Kean of New Jersey, had found a path between the liberal and conservative positions—a third way, to coin a phrase—and they had managed to secure the support of all their peers. They proposed a tax credit (in effect, a voucher) that would go directly to poor people in need of day care, empowering them to spend the money wherever they wanted. This was a felicitous solution that, in one stroke, provided the poor with day-care assistance (which liberals were demanding) via a form of tax reduction (which conservatives certainly couldn't oppose).

This formula—liberal ends through conservative means—was at the very heart of the Third Way. The day-care debate launched a furiously creative period in domestic policymaking. The Progressive Policy Institute had opened in late 1989 and had challenged Democratic Party orthodoxy in its very first position paper: an argument *against* a higher minimum wage and in favor of an expanded earned income tax credit (the latter, a reverse income tax, gave money directly to the working poor—it was similar to the day-care tax credit). Many of the ideas that Bill Clinton would run on and then try to implement—from welfare reform to national service to a voucherized job-training system—were promoted by the PPI during this period.

Indeed, a delightfully dangerous centrist radicalism was in the air. The political spectrum seemed, suddenly, an arrow—with moderates pointing the way to the future and the traditional left and right wings lagging behind, hopelessly retro. The academics who populated PPI were open to any and all creative heresies.

Clinton had put disparate intellectual, policy, and political pieces into place by the time that the Democratic Leadership Council held its annual convention in Cleveland in early May 1991. A bland processional of Democratic hopefuls—Al Gore, Richard Gephardt, and Jay Rockefeller, among others—was scheduled to appear; a large national press contingent was there to rate the contestants. Clinton was last to speak.

He did not have a prepared text, but improvised from 21 single-word cues he'd scrawled on a piece of paper. He began with a recitation of the alleged problems of the "forgotten" middle class and then he said:

"You may say ... 'Why in the world haven't the Democrats been able to take advantage of these conditions?'

"I'll tell you why: because too many of the people who used to vote for us, the very burdened middle class we are talking about, have not trusted us in national elections to defend our national interests abroad, to put their values into our social policy at home, or to take their tax money and spend it with discipline."

And then he uttered a now-famous mantra for the first time: "Our burden is to give the people a new choice, rooted in old values, a new choice that is simple, that offers *opportunity*, demands *responsibility*, gives citizens more say, provides them with responsive government—all because we recognize that we are a *community*. We are all in this together, and we are going up and down together."

Al From had never heard the New Democrat message synthesized so perfectly before.

The decisions Clinton made on affirmative action and welfare reform, as he approached his reelection campaign of 1996, were very different and yet entirely similar. A cynic might say that he split the difference—he gave Old

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CHECKMATE AND GAME: Clinton's political skills were on display in the 1995 and 1996 government shutdowns, which were blamed on the Republicans.

This formula—liberal ends through conservative means—was at the very heart of the Third Way. The political spectrum seemed, suddenly, an arrow—with moderates pointing the way to the future and the traditional left and right wings lagging behind, hopelessly retro.

Democrats affirmative action and the New Democrats welfare reform. Yet Clinton was ultimately consistent—he had stood for both through his career; both were integral to his governing vision.

Welfare reform was tougher than affirmative action. Most of the president's staff were opposed. On July 31, 1996, many people in the White House argued against signing the bill. But Clinton said, "I want to sign it. Let's do it."

Welfare reform had a remarkable effect. A study published in 2001 by Wendell Primus and Allen Dupree showed that the number of children living with single parents dropped by 8 percent in the five years after the bill passed. It seemed that Clinton had not only made work pay, but he'd also removed the disincentive to marriage that had been an unintended consequence of the old welfare system, which only visited benefits upon single mothers. So there was an answer to the "culture of poverty" arguments long posed by conservatives—but it was an answer that combined conservative values (responsibility) with liberal spending (opportunity). This was, perhaps, the purest demonstration of the substance and possibilities of the Third Way.

It was also a demonstration of the most admirable aspect of Bill Clinton's record in office—and the least Clintonian: a triumph of persistence, not charisma. For six years, the president worked with great discipline and patience to force a reluctant Republican Congress to spend more money on a surprising array of programs, especially those that raised incomes of the working poor. These efforts had none of the drama of the government shutdowns or the health care debate; they were nearly invisible, in fact, hidden in the massive, incomprehensible budget reconciliation

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BRACKETED BUT NOT OUTFLANKED: The president worked patiently to force a Republican Congress to spend more money on a surprising array of programs, especially those that raised the incomes of the working poor.

packages negotiated each fall. Most of the victories were tiny by federal standards, but the numbers gathered cumulative force over time—even in 1998 and 1999, with Washington allegedly paralyzed by the Lewinsky scandal and impeachment proceedings, Clinton continued his work, winning a few hundred million dollars here, a billion there for programs he favored. Head Start grew from $2.8 billion in 1993 to $6.3 billion in 2000; child care supports grew from $4.5 billion to $12.6 billion; the earned income tax credit, from $12.4 billion in 1993 to $30.5 billion in 2000; Americorps, the national service program that Republicans attempted to kill from the moment that Clinton proposed it, actually grew from $373 million in 1994 to $473 million in 2000. The list is comprehensive, involving almost every area of domestic spending (and, in his second term, defense appropriations as well)—and it has a New Democrat bent, a tendency to favor cash and tax credits over the establishment of new federal bureaucracies.

Indeed, in his eight years of office, Clinton only created one new bureaucracy—Americorps—and that program was semi-private, and run almost entirely through the states. "He was more effective than any other president, by far, in using the budget process to get what he wanted," said Norman Ornstein, a fellow at the American Enterprise Institute who specialized in congressional affairs. "Of course, the Republicans—who were totally inept—gave him a lot of help."

Bill Clinton conducted a serious, substantive presidency. He had rescued the Democratic Party from irrelevance and pursued a new philosophy of governance that made public-sector activism plausible once more.

The government shutdowns had neutered the Republicans in the annual negotiations with the president, robbing them of their most potent threat; but Clinton still had the veto, and the ability to delay the process and raise the prospect of yet another government shutdown (for which the Republicans now knew they'd be blamed). He could turn each autumn into anguish, especially in the even-numbered years, when the members of Congress were desperate to return home to campaign for reelection. "You have to give him a lot of credit for adapting his strategy to the new realities after the Republicans took control," Ornstein said. "He had an incredible feedback mechanism—if something didn't work, he tried something else. He would retreat, delay, come back with

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another proposal—get half of what he wanted, a quarter, an eighth. But he'd almost always get something."

By the beginning of the 1996 presidential campaign, only a year after the Republicans had taken control of the Congress, Clinton was once again the most formidable politician in the country. His reelection campaign was astonishingly easy; it was probably decided by the time he pronounced, in his State of the Union address, that "the era of big government is over." As Clinton's inevitability settled in on the astonished Republicans, so did another reality: Their Congress would have to modify its image, and get some things accomplished, if they didn't want to lose what they had gained in 1994. And so, as the year progressed, the Gingrich Revolution found itself passing not just welfare reform (with significant funding for the sorts of support programs—like day care—that David Ellwood thought would never pass a Republican Congress), but also an increase in the minimum wage and the Kennedy-Kassebaum health care bill, which guaranteed the extension of insurance to workers who lost, or left, their jobs. "They were making all these deals with Clinton," said Bob Dole, who resigned from the Senate to pursue his campaign and was hoping to campaign against gridlock. "And I'm thinking, 'Guys! Don't pass anything else! Don't throw me over!'"

Clinton would spend all of 1997 working on a balanced-budget agreement with the Republicans—the first nominally balanced budget in thirty years. But the agreement received scant attention. It was, in a way, the ultimate demonstration of the New Clintonism. The real victory wasn't in the zero at the bottom line, but in the dozens of the line-item skirmishes won. Indeed, Clinton managed to gain approval for several new, and rather large, social programs that had been at the heart of his own wish list from the moment he had announced his intention to run for president. There was more than $30 billion in new tax credits for higher education; in effect, this made the first two years of college a middle-class entitlement (by 1999, an astonishing ten million of the fourteen million Americans eligible would take advantage of this credit). There was also $24 billion for a children's health program that would, theoretically, provide insurance to every child whose parents could not afford it—the beginning, the president hoped, of an incremental effort to provide access to health insurance to those most in need of it. He also was able to make welfare reform revisions he had promised, restoring support to legal immigrants and increasing the funds in a variety of programs targeted to help single mothers joining the workforce. Gene Sperling, Clinton's economic adviser, estimated that the 1997 budget deal provided $70 billion, over five years, to families with incomes of less than $30,000.

This was an achievement ignored by Clinton's critics on the left (who wanted bigger social programs), on the right (who wanted less spending), in the press (who mostly didn't notice), and in academia. "These aren't big pieces of legislation. These are scraps off the table," said Stephen Hess, of the Brookings Institution. It ain't the GI Bill of Rights. It's not Social Security. It's not a vision, it's ad hockery. I'm not sure how different this presidency is going to look than Calvin Coolidge's."

But the college tax credit plan passed in 1997 was *larger* than the GI Bill of Rights, which only applied to returning World War II veterans; and there was an almost poignant stubbornness in Clinton's efforts to slowly reconstruct universal health insurance and to fight the Republicans, line by line, through the budget year. The quiet seriousness of this effort was the precise opposite of the president's feckless public image. In fact, Bill Clinton—who had the unfortunate habit of describing character as a "journey, not a destination"—had demonstrated, over time, that persistence was his strongest character trait. In this case, it was persistence of the most high-minded sort—in the service of his political beliefs, not his ambition—and the result was perhaps the most important substantive achievement of his presidency: a government that had dramatically improved the lives of millions of the poorest, hardest working Americans.

Amid the dashed hopes and the scandals and the bitterness of Clinton's tenure, a great deal of real work was done. Bill Clinton conducted a serious, substantive presidency; his domestic policy achievements were not inconsiderable and were accomplished against great odds. He had rescued the Democratic Party from irrelevance and pursued a new philosophy of governance that made public-sector activism plausible once more, even in a time of national apathy and skepticism. Moreover, he performed the most important service that a leader can provide: He saw the world clearly and reacted prudently to the challenges he faced; he explained a complicated economic transformation to the American people and brought them to the edge of a new era. But he had hoped to do so much more. ◆

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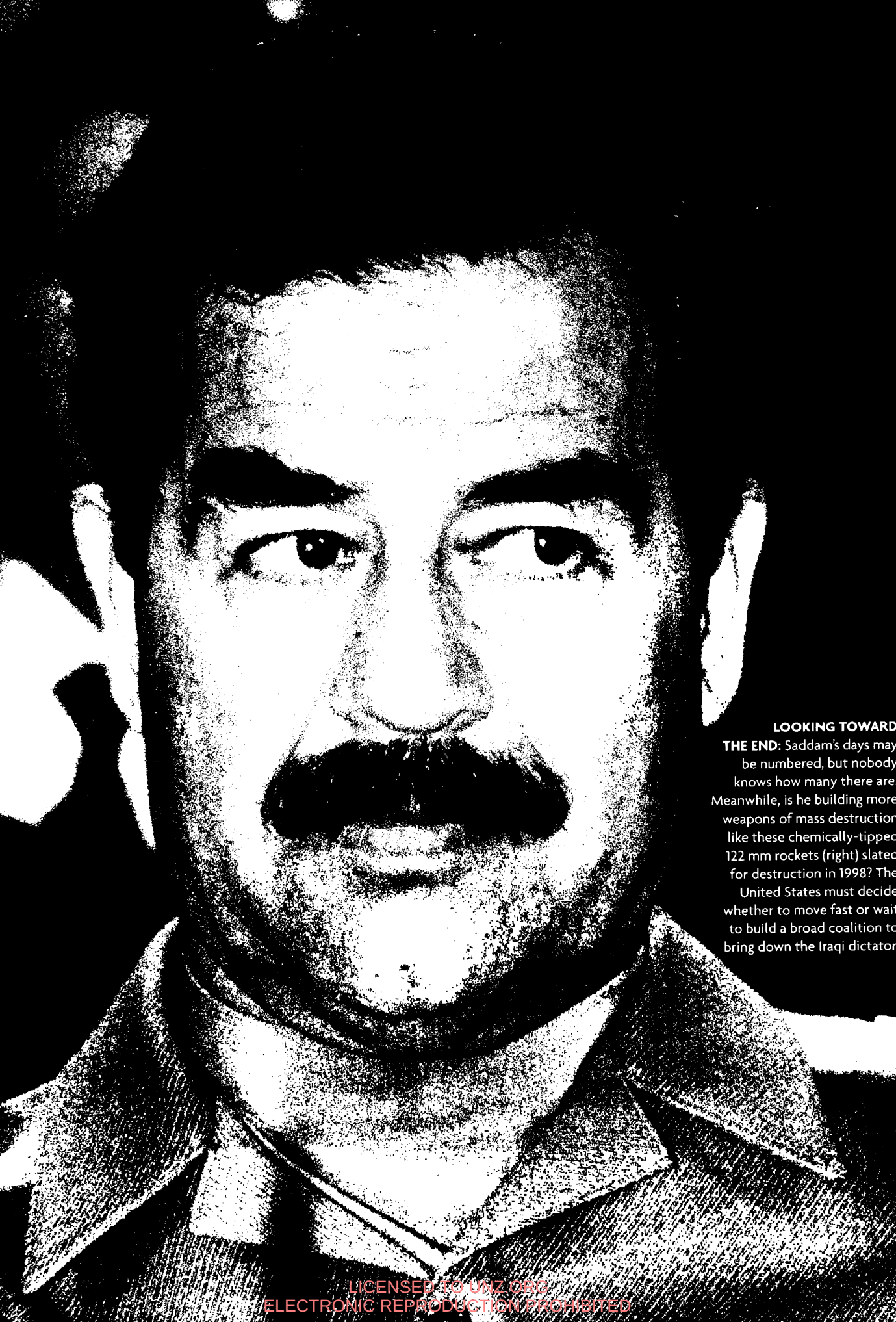

LOOKING TOWARD THE END: Saddam's days may be numbered, but nobody knows how many there are. Meanwhile, is he building more weapons of mass destruction like these chemically-tipped 122 mm rockets (right) slated for destruction in 1998? The United States must decide whether to move fast or wait to build a broad coalition to bring down the Iraqi dictator.

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America's New War: Should Iraq Be Next?

POINT: Europe delayed confronting Hitler until he was strong. We shouldn't wait to stop Saddam.

by **R. James Woolsey**

As America continues to hunt down and destroy the al Qaeda terror network, it's important to keep in mind that we face not just one major threat in the Middle East, but at least three.

One comes from the Shia clerics who set up a theocratic regime in Iran in 1979. Another, of course, is Saddam Hussein's Baathist regime in Iraq, which, though secular, has made common cause with radical Islamists. The third is Sunni extremism and particularly the most militant members of Saudi Arabia's Wahhabi sect, who have supported Osama bin Laden and al Qaeda.

Two of these movements, the extremist Shia and the Wahhabis, are manifestations of a long-standing war between moderates and extremists that has flared within Islam at different times over the centuries, beginning with the Kharijites in the 7th century. Saddam has opportunistically echoed their rhetoric.

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R. James Woolsey, a Washington lawyer and foreign policy expert, was a CIA director during the Clinton administration.

COUNTERPOINT: A premature lunge into Iraq would take our focus off the war on terrorism.

by **Leon Fuerth**

Let's begin by stipulating a few points that are not at issue. Saddam Hussein is a continuing menace to the United States, and a final reckoning with him is in order. Replacing him, though necessary, is not sufficient. The entire political system he created must also be rooted out. Our objective should be the restoration of democratic governance

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Leon Fuerth, the Shapiro visiting professor of international affairs at George Washington University, was national security adviser to Vice President Al Gore.

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WOOLSEY *continued from page 33*

At the murderous end of these three movements—Sunni (al Qaeda), Shia (the dominant clerics in Iran, Hezbollah), or Baathist (those instruments of the Iraqi state loyal to Saddam)—there is no problem in forming joint ventures, and evidence abounds of cooperation and common purpose among these groups. The Iraqi-al Qaeda tie, for instance, has been clear since before bin Laden left Sudan in 1996. In addition, Iraq has worked with al Qaeda in supporting Ansar al-Islam, a terrorist group in northern Iraq, in its recent efforts to assassinate Kurdish leaders. Bin Laden persuaded the Egyptian Islamic Jihad and other Sunni terrorist groups to turn their attention away from "near enemies" such as Egyptian President Hosni Mubarak and toward us; this dovetails nicely with the objectives of Saddam and Iran's extremist leader, Ayatollah Ali Khamenei.

For his part, Saddam only needs time to add nuclear and longer-range missile capabilities to his current arsenal of chemical and bacteriological weapons, and short-range missiles. He will then be able to deter coalitions from forming against him, to dominate his corner of the world, and to make it far less likely that we will be able to interrupt his rule and his dynasty. Terrorist attacks on us serve these ends if they help keep us away from him.

POPULAR MISERY: In World War II, the U.S. was perceived to be fighting for the oppressed peoples under dictatorships. We must convey that same message in taking on Iraq.

In Iran, Khamenei and his extremist Shia colleagues badly need us as an enemy to justify the dictatorial means by which they stay in power. This is why the Clinton administration's various olive branches to the Iranian government were so firmly spurned. The mullahs rightly fear that they are losing the loyalty of the people. Last fall's demonstrations by hundreds of thousands of young Iranians cheering the United States and chanting, "Death to the Taliban, in Kabul, and in Tehran," are a precursor of what is to come. The mullahs need to provoke hostility toward us to justify their repression and continued control.

Each of the groups arrayed against us assists the more murderous Palestinians and takes other steps to create a conflict that will be perceived as one between Islam, on the one hand, and "the crusaders and the Jews" (as they term it), on the other. We can prevail only if we can instead make it a conflict between, on the one hand, people who are free and those who desire to be—in the West and the Middle East—and the tyrants and oppressors, on the other.

To do this we need to take a leaf from the books of President Woodrow Wilson and his Fourteen Points; President Franklin Roosevelt and his Atlantic Charter; and Presidents Harry Truman, John F. Kennedy, and Ronald Reagan and their various formulations of what was at stake in the Cold War. One major reason we won the three world wars of the 20th century (two hot, one cold) was because we were perceived to be fighting them not only for ourselves, but also on behalf of the oppressed people of the countries whose governments were our enemies. And we have, in fact, been remarkably successful at spreading democracy around the world during and after these three wars. According to Freedom House, a respected democracy monitoring group, three-quarters of the nearly 150 non-Muslim-majority countries in the world are now democracies. Of the nearly 50 Muslim-majority countries, about half are non-Arab, and half of these qualify as democracies (some "free,"

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some "partly free"). These include some of the world's poorest nations, such as Mali and Bangladesh. Of the remaining 22 Muslim-majority states that are Arab, not a single one is a democracy.

The Middle East's two democracies, Israel and Turkey, thus live in a rough neighborhood populated by governments that are either pathological predators such as in Iraq or vulnerable autocracies such as in Saudi Arabia. We have helped bring this about because for decades we have tilted toward whichever Middle Eastern autocracy or dictatorship seemed the least undesirable and the most inclined to sell us oil. The most tragic case of our abandoning the people of the Middle East was the first Bush administration's decision to stand back at the end of the Persian Gulf War in 1991 and watch the Kurds and Shia, who rebelled at our instigation, be massacred by Saddam's Republican Guard.

In the 85 years since we entered World War I, the United States has been responsible for bringing democracy, directly and indirectly, to much of the world. We made our temporary compromises for tactical reasons, supporting Josef Stalin in World War II and various dictators during the Cold War. But in time the vast majority of these countries have become democracies—most, in one way or another, with our help. At various times the smart money would have bet that democracy could never be learned by Germans, Japanese, Chinese, or Russians. But from Berlin to Tokyo to Taipei to Moscow they seem to have largely figured it out.

For democracies, war is ordinarily their last choice. It is dictatorships that start wars, often because their rulers need enemies to stay in power. Many would say of the Arabs that it is foolhardy to try to bring democracy to their corner of the world, and indeed there are some cultural barriers (not least of which are the views of the Wahhabis and those Muslims who see the world through similar eyes). But the substantial majority of the people of the Middle East are not any less suited to democracy than it was once thought the Germans and Japanese would be, and they cannot be that different in their ability to govern themselves decently than their co-religionists in, say, Mali and Bangladesh. We need to remember what Wilson and FDR taught us. In the long run, for all of us, peace and political freedom are inseparable.

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It is urgent that we begin this process of bringing democracy to the Middle East before the region's most dangerous dictator—Saddam Hussein—gets nuclear weapons, extends the range of his ballistic missiles, and dominates the region. Bernard Lewis of Princeton, a leading expert on the Muslim world, has recently said that because of its educated population, history, and oil wealth, Iraq is probably the Arab country best suited to the introduction of democracy. Saddam's degraded conventional military capability since 1991, and the proportional growth in our use of smart weapons by an order of magnitude in the last decade, should make him vulnerable to a determined attack by American forces if we can obtain assistance from indigenous groups, such as the Turks, Kuwaitis, and the Kurds of northern Iraq.

The case for removing Saddam only becomes stronger with the passage of time. First, there is no reasonable debate about the proposition that he has chemical and bacteriological weapons and short-range ballistic missiles. In the May issue of *Vanity Fair,* for example, writer David Rose debriefs an Iraqi defector who chronicles the locations of their production in Iraq—including the use of mobile laboratories for making bacteriological agents. Rose also revealed Iraqi work on ballistic missiles of increasingly longer range that will soon be capable of reaching Europe. The Wisconsin Project on Nuclear Arms Control, a nonprofit organization, has published details about the four tons of VX nerve gas and the several hundred tons of other chemical agents Iraq possesses. In addition to hiding many tons of growth media for biological agents and pursuing its work on smallpox and anthrax, Iraq is the only nation in the world to have weaponized aflatoxin, whose primary purpose is to cause liver cancer in children.

When Richard Butler, head of the U.N. inspection teams in the late 1990s, asked Iraqi Deputy Prime Minister Tariq Aziz the purpose of Iraq's biochemical weapons programs, Aziz replied, "in order to deal with the Persians and the Jews." Full candor would, of course, have required him to add the Americans to the list. Saddam's bomb maker, Khidir Hamza, who defected in the mid-1990s, has detailed the numerous sites where nuclear weapons work is taking place, as have other defectors.

NEW WORLD, NEW WAR

continues BLUEPRINT's examination of the war on terrorism, at home and abroad.

Those who counsel delay in dealing with the growing Iraqi threat need to answer a simple question: How does allowing Saddam more time make it easier to deal with the problem? And if the (honest) answer is that (of course) it won't, then the next question the procrastinators must answer is: Was it wise for Britain and France to delay confronting Adolf Hitler until 1939, when he was strong, rather than earlier, when he was weaker?

But Iraq is just the next battle in a war that will take a number of years, quite possibly decades. Given the three major movements in the Middle East which are, in essence, at war with us, we will not have peace until we defeat them and win this fourth world war. To win it, we must decide that we are fighting it in no small part to bring freedom and democracy to those whom we want to have as friends and allies: the people of the Arab and Muslim worlds. ◆

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FUERTH *continued from page 33*

in Iraq, and we should indeed reject the view that the Iraqi people are capable of living under no other rule but despotism. Finally, it is vital to the future security and stability of the region that Iraq remain intact.

But the issue is not whether Saddam must go—it's when and how. The debate is about the means of getting rid of Saddam and his system, and consequently about the level of risk involved. Those considerations will dictate the scale of the investment we must make, measured in terms of force and commitment of political resources. Iraq is not Afghanistan; the Iraqi opposition is not the Northern Alliance; a replay of the military campaign against the Taliban is unlikely to be available to us, and it would be courting disaster to make our preparations on the assumption that it is.

The Iraqi opposition comprises mainly the Iraqi National Congress (INC). Things can change, of course, but the INC that I got to know during my time in government was an umbrella group of exiles with little internal cohesion and no credibility anywhere in the U.S. government, or among any of the governments in the Middle East. Its only real support resided in the U.S. Congress with an influential faction that believed the INC's claim that it represented a strong presence within Iraq and needed only firm backing from the United States to topple Saddam's regime.

Notwithstanding the uniformly negative assessments of the State Department, the Department of Defense, and the CIA, I believed that the opposition might be developed into a useful external voice for liberation—but over a period of time and with some intensive work. The idea that it could organize inside Iraq to create the means to overthrow the regime never seemed credible to me—and does not seem credible now. Saddam runs a ruthlessly effective intelligence system, and there were good reasons to be pessimistic about the INC's chances of creating an internal resistance that would survive.

But let's say, for the sake of argument, that there is some kind of serious opposition network inside Iraq. If the United States sets out to destroy Saddam, failure will not be an option. We will be gambling wildly if we assume that all it takes to do the job is this network and a relatively light U.S. force. We will need a blocking force to make sure that Saddam does not make a lunge into Kuwait. We will need everything it takes to finish what we start, and that means a substantial military force in the region and on call. It will not be possible to handle the preparations for such a force, or its operations, without full support from at least a few countries in the region, particularly Saudi Arabia and Turkey.

Such support was problematic even before the recent downward spiral of events in the Middle East. Given the Bush administration's disastrous management of U.S. policy there, it is even harder to imagine any regional support for toppling Saddam. The administration's policies have changed the subject in much of the world from how to defeat terrorism to how to constrain the United States. This has helped Saddam take a giant step toward rehabilitation in the Arab world, and it has certainly made it extremely dangerous—lethal, might be more accurate—for any moderate Arab government to overtly support the United States in a military effort to remove Saddam. And if, despite the military handicap of acting alone, the United States were to nevertheless make war on the Iraqi leader, it would force such friends as we have in the Arab world to abandon us to save themselves. If there were ever anything to be said for a quick thrust, this option is no longer available to us. It is a casualty of the Israeli-Palestinian crisis, which the Bush administration tried to treat as a marginal issue until far too late.

> If the United States sets out to **destroy Saddam**, **failure** will not be an option. We will be **gambling wildly** if we assume that **all it takes** to do the job is a local **network** and a relatively light U.S. force.

So, what is to be done? Ten steps come to mind.

1. Ease the rhetoric about an early resort to force, but don't take that option off the table.

2. Try to corner Saddam on weapons of mass destruction and international inspections.

3. Use covert action to undermine Saddam's image of full control within Iraq.

4. Keep looking for any likely Iraqi allies, and give them our help, but without betting the farm on them.

5. Be prepared—on any credible provocation—to destroy as much military-industrial infrastructure as we can in a powerful, if limited, raid.

6. Pay close attention to the survival of the Kurdish leadership.

7. See what can be done among the Shiites in Iraq's southern region.

8. Keep the economic clamps on Saddam through "smarter sanctions" if we can get them, or the older sanctions if we can't.

9. Push for an international indictment of Saddam Hussein as a war criminal. There is plenty of information available to do it. Troves of incriminating documents removed from northern Iraq following the Persian Gulf War remain unprocessed and unanalyzed in U.S. archives. A legal indictment would be especially persuasive with our European allies.

10. Figure out now what we would be prepared to do inside

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Iraq after Saddam goes, because we cannot accept the kind of dithering that the administration is passing off as policy in post-Taliban Afghanistan. A post-Saddam Iraq would require a major commitment from the United States. If the administration isn't prepared for that, it should back off.

Above all, we have to keep our sights on the fact that terrorism does not begin or end in Baghdad. Without in any way minimizing the threat that Baghdad presents by way of its own state-operated terror apparatus, or by way of the chance that it could place weapons of mass destruction at the service of terrorism, the center of gravity of the threat lies elsewhere. Sept. 11 was brought to us by a non-state terrorist network, whose center was in Afghanistan, but which was widely dispersed as a global network. One of the properties of this network is that it cannot be destroyed as easily as a point target, even if the target is its entire establishment in one country. The recent capture of an individual in Pakistan, said to be capable of activating "sleeper cells" of the bin Laden network, illustrates that the threat can survive decapitation and reconstitute itself.

There was always a danger that in fixating on Iraq, the administration would lose focus in pursuit of the terrorist network—or that it might distract other countries from that task, by hyping controversy about near-term action against Iraq. Some believe that we could take on Saddam pretty much alone, but almost no one thinks that the war against terror can be won without sustained cooperation from dozens of countries. One of the most pivotal of those countries is Pakistan, whose support depends upon the survival in office of just one man. If an obsession with fast action in Iraq were to cost us that man or his ability to support us, it would be a very costly victory.

We should always have been preparing to play a long game with Saddam, one in which we meticulously prepare the ground for action, while giving him time to make the kind of fatal mistake that would deliver him to us. Now, given the need for a more intense U.S. engagement in Afghanistan, and in view of the state of affairs throughout the Arab and Islamic worlds, there is even more reason to avoid confusing a lunge with a policy.

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Finally, a word for Democrats. The moment of truth over Iraq—whether it comes sooner or later—requires broad-based support. For whatever reason, that kind of support was not available from the Democratic Party (with some notable exceptions) when the United States was deliberating whether, and in what way, to deal with Saddam's occupation of Kuwait 12 years ago. Thus Democrats now need to be clear about three things: Saddam Hussein cannot coexist with the vital security interests of the United States; his departure cannot be brought about except under conditions of grave crisis; and that event and its accomplishment require true bipartisan leadership. ◆

Big Budget, Bad Choices

Bush's $48 billion defense spending increase may only perpetuate a Cold War force structure.

by **Steven J. Nider**

Nowhere has the importance of transforming America's military been on better display than in the war in Afghanistan. The effectiveness of our smartest, lightest, and stealthiest weapons systems has been proven on the battlefield as never before. Their success in real-time warfare set the stage for President Bush to offer a new defense budget that would force the military to shift spending priorities from Cold War preparedness to today's changed realities. This is the military transformation that the president campaigned on, the "revolution in military affairs" that leading defense thinkers have promoted for years. Unfortunately, when it came time to write a new budget for 2003, the president missed his opportunity. The "transformation" promised by his administration is instead merely a new veneer on an existing military structure that is designed to fight a no-longer-existent enemy.

Though the defense budget request is $48 billion higher than the 2002 budget, the spending plan drafted by Secretary of Defense Donald Rumsfeld appears very similar to the one he inherited upon taking office. It fails to trade off old weapons and concepts for new capabilities, even though the public is very much in the mood to support the biggest defense spending increase since President Ronald Reagan's military buildup of the 1980s. The administration's decision is perplexing: Even while successfully fighting a new kind of war in dramatically changed ways, it is asking the nation to invest heavily in weapons that were created to fight the Cold War.

The proposed 12 percent real increase above current spending is just the beginning. Administration estimates call for more than $2 trillion in military spending over the next five years, with annual budgets rising to $451 billion in 2007. The Pentagon budget is so enormous that the proposed increase alone surpasses the total military spending by any other nation. The next largest national defense budget—Japan's—is $45.6 billion. Yet, no amount of money is large enough if we cannot spend our military dollars more effectively than the Bush budget does.

In the midst of the war on terror, few politicians want to oppose a military budget increase. While Congress will not trim the increase, it should at least shift the emphasis from older systems to newer ones that are proving their value in the war in Afghanistan. The war on terrorism is expensive—more than $1 billion per month. But most of the proposed

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defense spending increase would not directly go to those missions. Instead, it would go toward advanced fighter aircraft, destroyers, and other weapons designed in the 1980s to fight advanced Soviet military capabilities. Neither the al Qaeda network nor any other terrorist organization nor any state sponsor of terrorism possesses such a force. Potential peer competitors, such as China, also lack these capabilities. Every dollar spent on these systems comes at the expense of alternatives that would make the United States more secure.

During the 2000 presidential campaign, Bush argued that the U.S. military must be transformed to effectively counter the new challenges expected to emerge over the next several decades. He also suggested that transforming the U.S. military would require not only investing in new kinds of capabilities, but also reducing investments in more traditional forces and weapons. But President Bush's new budget proposal shows little variation from his predecessor's, relying on outdated assumptions instead of newer alternatives. The war in Afghanistan has shown that America needs a greater ability to project power with deadly accuracy over enormous distances. It has highlighted the tremendous value of pilotless aircraft and long-range bombers that do not depend on the availability of nearby American or allied air bases. Operations in Afghanistan have also underscored the importance of light, mobile ground forces, special operations teams, and Navy surface ships and submarines that can launch planes and cruise missiles.

Military planners must be ready to fight other kinds of wars as well, but the Pentagon ought to discard obsolete assumptions about the most likely enemies or battlefields. The Air Force, for example, remains committed to the F-22 Raptor, a short-range tactical fighter conceived in the 1980s to combat the threat of advanced Soviet planes. America's existing fighter fleet of F-15s and F-16s, and the development of the Joint Strike Fighter, already assure aerial supremacy over any conceivable enemy for the next generation. Instead of buying 295 Raptors at $214 million each, the Air Force should scale back the number built and fund unmanned reconnaissance drones such as the Predator and Global Hawk, long-range bombers, and the airlift and tanker aircraft that are in short supply. The current Bush plan proposes spending 12 times more on tactical aircraft than on unmanned ones.

Additionally, the Army should not build its future around heavy weapons like the 42-ton Crusader cannon that caused a breach between the Army and Rumsfeld in May 2002. Developing the cumbersome, 155-mm howitzer is inconsistent with the goal of having an Army that is light enough to rapidly deploy to regions where the United States does not have easy access to ports and other facilities. The Navy should continue its efforts to modernize submarines in order to launch conventional Tomahawk cruise missiles instead of nuclear missiles and to delay production of large and expensive stealth destroyers.

The Bush administration is right to press ahead with efforts to improve military pay, housing, and health care. But absent real reform, most of the additional money Congress ultimately approves will not lead to a more effective force. Many of the resources needed to finance a modern force are wasted on outdated business practices. For example, 70 percent of the defense budget is spent on overhead and infrastructure; only 30 percent directly reaches our combat forces in the field.

Last year the Tail-to-Tooth Commission, a study group sponsored by the nonprofit Business Executives for National Security, reviewed the findings of 18 major studies done over the last 15 years to assess military expenditures. The commission offered a step-by-step guide to reform the military so that it would run more like a business. The commission's recommendations included updating the Defense Department's outdated acquisitions system and the archaic defense accounting system, which can lose track of billions of dollars. It also suggested freeing the military from nonmilitary missions like providing family housing, which the private sector could handle more capably.

Throwing money at the Pentagon is certainly one way to buy more defense, but in the long run it will not help improve our security. New money for the armed forces may well become an excuse for maintaining inefficient old practices. Following the commission's recommendations to cut a bloated bureaucracy would not only save the Pentagon billions of dollars, it also would help build a leaner, more effective military.

Indeed, pouring massive funding into the Department of Defense would slow real transformation rather than accelerating it. More money simply means more spending, not smarter choices. Revamping force structure and doctrine could do much more than increased funding would.

Reform of our armed forces may have been forgotten after Sept. 11, but it is more important now than ever and will happen only with the support of a sound, modest budget. Now, our priority must be finding those initiatives that advance our own security while better preparing us for new challenges ahead.

Strengthening national security requires making tough choices and imposing priorities. It is up to Congress to write a sensible defense budget that distinguishes between legitimate national security concerns and wasteful military projects. Since the White House has failed to face tough decisions, Congress now must lead the way in reshaping this budget. ◆

Steven J. Nider is director of foreign and security studies at the Progressive Policy Institute.

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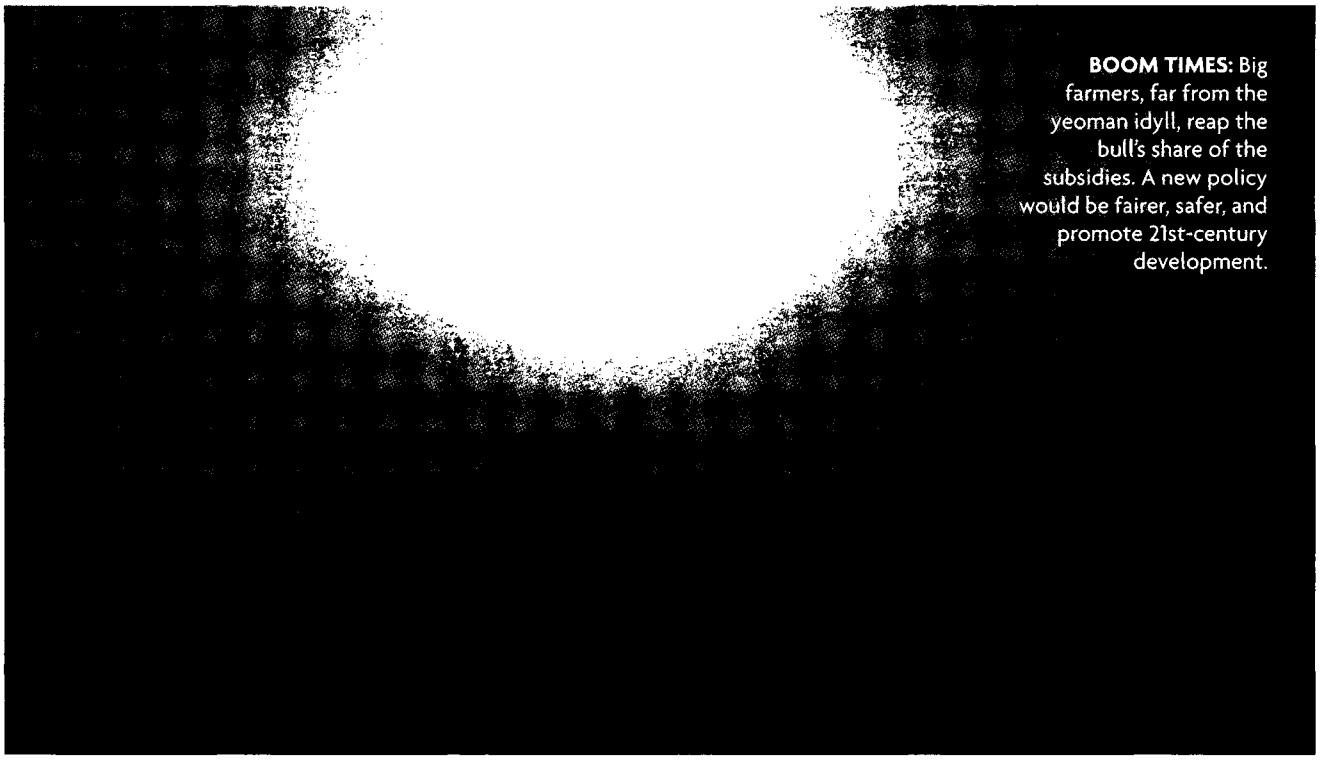

BOOM TIMES: Big farmers, far from the yeoman idyll, reap the bull's share of the subsidies. A new policy would be fairer, safer, and promote 21st-century development.

The 2002 farm policy fight

A former agriculture secretary says the new farm bill is a lost opportunity for genuine reform.

by **Dan Glickman** *and* **Greg Frazier**

Once upon a time, America had a useful and necessary farm policy. Born in the dust bowls of the 1930s, U.S. farm subsidies helped ensure that millions of small family farmers were not driven into destitution, or off the land, by unpredictable shifts in weather or in commodity prices. But in ensuing decades, farm programs became all too frequently a mere money scramble by a limited number of commodity producers, many of them quite wealthy. Unfortunately, the 2002 farm bill—adding a record-busting $73 billion to the farm budget—has taken this money scramble to new and more irresponsible levels.

For more than two decades, the authors have been engaged in the development and implementation of farm policy. At times, we tried to lead the way toward reform in the way agricultural legislation was established and administered. At other times, political realism dictated an approach that at best was more incremental. But we, as two who have been in the trenches for many years, believe that now is the time for New Democrats to take the lead in designing an equitable and rational 21st-century agricultural policy. It should be fair to all producers; identify new opportunities for U.S. farmers; pay careful attention to soil conservation, nutrition, and food safety concerns; and it should lay out a realistic strategy for rural economic development.

But getting there will not be easy. When the 2002 farm bill was being written, raw politics trumped policy at every turn. Nothing—not deficit spending, not a weak economy, not war, not domestic programs—stopped or even slowed Congress from pumping $73 billion more into agricultural programs this year. It was a 75 percent increase over the 2001 bill, an unprecedented spending *tour de force* even given the weakened state of the farm economy.

The parties differed on the margins on some policies and partisan frictions colored the debate, but on the whole, differences between farm-state Republicans and Democrats were rare. The administration published a candid assessment of current policy, but too late and accompanied by too few recommendations that were too general to have any discernible effect. It ultimately capitulated to the bill's price tag in exchange for votes to pass trade promotion authority (formerly

Dan Glickman was secretary of agriculture in the Clinton administration. **Greg Frazier** was chief agricultural trade negotiator.

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known as fast track).

The bill contains a few laudable features: It increases investment in conservation and environmental protection and rolls back the 1996 welfare reform bill's restrictions on legal immigrants' access to food stamps. However, the bill's lavish spending on the same commodity programs that have driven farm policy for decades overshadows those gains, especially when juxtaposed with other agricultural and national priorities.

The new farm bill adds $6 billion to farm-program spending in fiscal year 2003, five times more than the proposed increase for all education spending. The increase alone is 50 percent more than all spending proposed for anti-bioterrorism and just about the same as the total Head Start budget.

The new farm bill's shortcomings are rooted in the failures of the policy it replaces: the 1996 Freedom to Farm Act. Under pre-1996 programs, income transfers kicked in only when prices fell, to make up for those downturns. 1996 estimates, however, projected robust prices, thus minimal, or no, spending. Alarmed at that prospect, farm bill writers in 1996 cleverly devised a mechanism to continue the income transfers even if market prices stayed strong, and then sold the package as the necessary trade-off for weaning farmers off future government payments.

For a couple of years thereafter, farmers reaped the largess of huge government payments and record prices, then the bottom fell out of the market, natural disasters struck, and the 1996 farm bill's system of guaranteed but fixed income supports backfired. Congress quickly and generously responded, frequently after bidding contests among Republicans, Democrats, and the Clinton administration (and in which we personally participated).

Congress appropriated $30 billion in supplemental farm spending over four successive years. Those payments came on top of ones already called for by Freedom to Farm, exploding the farm budget to record levels. It was a stark contrast to the scenario Freedom to Farm supporters had painted in 1996 that farm spending would be phasing down and out over the life of the bill. Against this backdrop, during the run up to writing the 2002 bill, prescriptions for reform differed in details, but diagnoses agreed that the 1996 legislation had failed, demanding a dramatic change in course.

However, the new bill retains many of the flaws of past policy—most notably sinking two-thirds of the $73 billion into new spending on the same programs that have swelled the bank accounts of a handful of large farms. While some small- and medium-size family operations will benefit, the large farms that receive the most under this bill—as under past policies—are far removed from the yeoman farmer idyll, but quick to exploit that popular image to increase farm spending.

The new bill sinks two-thirds of the $73 billion into new spending on the same programs that have swelled the bank accounts of a handful of large farms.

Remarkably, low prices, one of the sources of the most discontent under the last farm bill, will likely continue. They could even fall. An independent, university-based analysis estimates that the bill's higher government payments will actually drive production higher, threatening oversupply and lower prices.

While policymakers and farm lobbyists single-mindedly focus on increasing commodity program payments, three of four farm-dependent counties still grow slower than other rural communities. Poverty in rural America rivals the worst found in U.S. cities. The relentless pressures of exploding population compel the development of new, sustainable farming techniques and crops. American farmers may be on the verge of an exponential increase in demand for farm-based alternative fuels. The widespread cultivation of so-called "farmaceuticals"—crops designed for use in medical applications—is on the horizon. Farmers are starting to exploit growing demand for fresh, direct-to-consumer marketing, and exports continue to be vital.

The programs that might advance these goals received a comparative pittance in the new farm bill. The billions the commodity programs receive are 14 times greater than funds for rural development, research, trade, marketing, and infrastructure improvement combined.

Farm policy is, to adapt a phrase, too important to be left to farmers and farm-state officeholders. A farm bill's food safety programs affect everyone. This legislation affects too much of the economy, too much of the nation's natural resource base, and spends too much money to be left solely in the hands of farm-state policymakers and farm lobbyists.

We believe New Democrats need to develop, and can develop, a new approach. The guiding principle of this approach should be allocating the spending to those most in need. This is consistent with New Democrats' approach to virtually every other federal domestic assistance program.

The federal crop insurance program has improved significantly in recent years, covering more crops, beginning coverage of livestock, and coupling protection against natural disaster with protection against adverse market movements. However, the program could encourage more farmers to participate, thus lessening the political pressure for the annual, multi-billion dollar rescue packages witnessed in recent years. Risk management tools could play a much more prominent role in future commodity-related policy, if further refined.

New policy should direct more resources to solving problems in rural infrastructure, rural development, food safety and inspections of imported food products, agroterrorism, nutrition assistance, and foreign market development. Notwithstanding the 2002 farm bill's increases, conservation and preservation of a sustainable agricultural industry should receive much higher priority.

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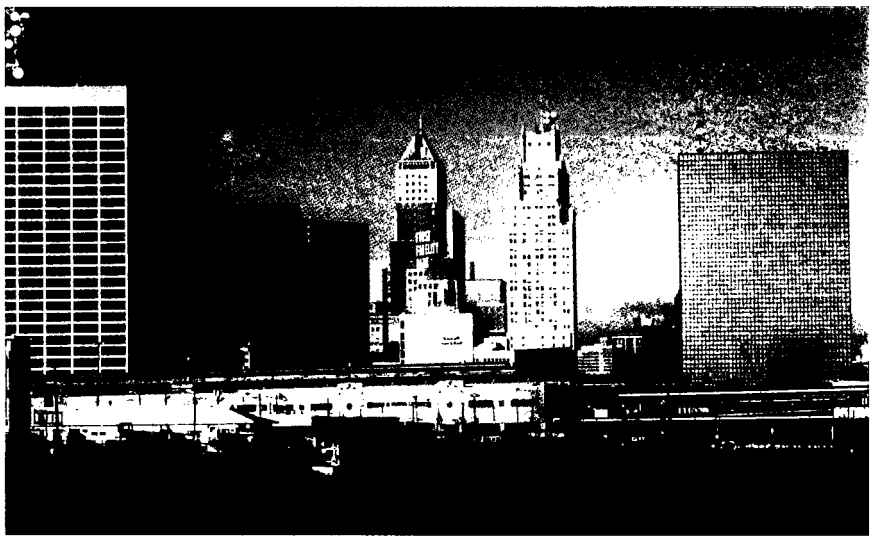
Rural infrastructure, especially transportation and modern communication networks, have suffered years of neglect; increased investments would help keep U.S. farmers competitive in the world market. They would also provide much more stimulus to rural communities than the continued concentration of farm spending on commodity programs.

Growing population and development pressures will continue to squeeze agricultural resources, making the preservation of productive farms increasingly critical to securing an affordable food supply. In addition, the transfer of resources into these programs is more compatible with international trade obligations and will facilitate broadening political support to more segments of agriculture.

Future policy should put much more emphasis on meeting consumer demands in the areas of nutrition, health, and diet and on potential new uses of agricultural products, such as developing pharmaceuticals from and in conjunction with food crops and in developing alternative energy sources. A bill that increases funding for research and infrastructure development, as opposed to near sole reliance on supporting a handful of crops and farmers, will further those objectives, at the same time it extends support to a more diverse representation of agricultural production.

Writing far-reaching reform of farm policy promises to be a daunting task, causing significant political and ideological pressures within the party. Nonetheless, we believe the party responsible for the seminal agricultural and rural development programs of President Franklin Roosevelt's New Deal—which undoubtedly played a powerful role in the recovery from the Depression and rescued countless individuals—has a greater burden to bear in reforming those policies. The 2002 farm bill was a lost opportunity for genuine reform. But the way to a 21st century farm policy is clear, and further reform is necessary to address the profound changes American agriculture has undergone and the challenges it must meet. ◆



LEADING UNDERACHIEVER: Newark, N.J., blessed with excellent road, rail, air, and harbor connections, has been poised for a take-off that never took wing.

Looking for a new vision for an old city

Newark is stuck in the past, but young politicians—like Cory Booker—bring fresh ideas for renewal.

by **Fred Siegel**

Newark, N.J., just eight miles west of New York, is a densely packed, largely African-American city of 270,000 that has long been synonymous with mismanaged government. Two of the last three mayors have gone to jail, and the current mayor's director of public safety, chief of staff, and three council allies have also been sent to the pokey. So many subpoenas were served in the city during the 1990s that the U.S. attorney set up shop in the basement of City Hall to make the process easier, according to the Newark *Star-Ledger*. Newark's property taxes—the second highest of any U.S. city—combine with the lowest urban homeownership rate to compensate the highest-paid mayor and city council in America on a per capita basis.

Newark reached its apogee in the 1920s as a factory town of breweries, bakeries, and electronics manufacturers. It has never recovered from the decline of manufacturing and from the devastating 1967 riots. Before the riots Newark had a civil society of neighborhood organizations, PTAs, Boy Scout troops, and Police Athletic League centers. In the wake of the riots, teens amused themselves by baiting the cops. They would steal cars and then intentionally bump into police vehicles, knowing that the financially strapped city had given the police orders not to give chase lest they cause an expensive crack-up. What were left, despite a massive infusion of federal aid, were a demoralized police force and a resigned population. By 1975, a *Harper's*

Fred Siegel is culture editor of BLUEPRINT.

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Magazine survey of American cities that looked at crime, health, child welfare, income, and education rated Newark the worst city in America.

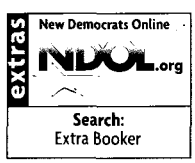
Newark is handicapped by the fact that the Port Authority of New York and New Jersey—jokingly referred to by locals as the area's fifth Mafia family—owns 40 percent of its land. Despite its substantial properties, including the lucrative airport and docks, the Port Authority pays only a pittance in taxes. Still the city has mounted something of a comeback in recent years. Home to the Prudential Insurance Company of America, Newark has benefited from state money put into a regional performing arts center and Rutgers University. Newark is blessed with extraordinary road, rail, air, and harbor connections, and rents in Newark are on average about one-fifth to one-third as high as Manhattan's. And because fiber-optic lines tend to run along rail lines, it's already one of the best-wired cities in America. Described by urban analysts as the leading underachiever among American cities, Newark in the 1990s seemed poised for take-off but never took wing.

While Newark kept taxiing back and forth across the runway, nearby Jersey City took off. There, with a similarly storied history of chief executives ending up in the clink, things were once so bad that people assumed it would become the first totally slum city in the United States. But in the 1990s, former Mayor Bret Schundler delivered reasonably honest, accountable government; reduced crime; and took advantage of Jersey City's geography to help add 10,000 new jobs. At the same time, Newark, with a murder rate four times that of Jersey City, was losing jobs during the biggest boom in American history.

Immensely insular, Newark's parochial political culture has been immune to reform currents. Recently however, young New Democrat Councilman Cory Booker has tried to carry the fresh breezes of the 1990s urban revival into the fetid fields of Newark's government.

Bear in mind, this is a city where outside ideas and individuals are viewed with suspicion and few people ever leave. But Booker, born and raised in suburban North Jersey, says that his mission "is to raise expectations." "I want Newark to become intolerant of failure," he says. A former Stanford University football player and Rhodes scholar who has personally confronted drug dealers, Booker broke into Newark politics by defeating a 25-year veteran of the city council. Representing the riot-torn Central Ward, he has married 1960s-style black activism and a preacher's speaking ability with the task of government reform. Booker lives in Brick Towers, a crime-ridden housing project, where he staged a hunger strike and an anti-drug crusade that reduced open-air drug sales. As he explains it, "We have to use any means necessary" to modernize government and make it serve the people of Newark. "Cities," he says, "need both visionary leadership and great managers." He's trying to provide both.

The choice for Newark, he argues, is either the Old Politics—which measures success by the number of public-sector jobs created—or the New Politics, which aims to increase private sector employment for a city with a 10 percent unemployment rate. The 1998 mayoral election saw only a 16 percent voter turnout, and few voters were expected in the May 2002 Democratic primary. That's because in a city run on kickback schemes from contractors, clients, and public-sector employees, those who can, leave, and those who stay are reconciled to failure.



"The public sector in Newark doesn't work, because it lacks accountability," he says. "There are no consequences when the government fails to live up to even minimal standards."

Booker says the New Politics draws "on the success of reform mayors around America in reinventing government, controlling crime, and increasing economic opportunity." Booker has studied the achievements of former Indianapolis Mayor Steve Goldsmith and his activity-based costing and performance-based budgeting; Washington Mayor Anthony Williams' customer-friendly training for city employees; and the vehicular version of New York's "broken windows" policing developed by Cleveland's Mike White and Charleston's Reuben Greenberg.

In Newark, notes Booker, "Truancy, graffiti, illegal after-hours clubs, serving liquor to minors, public drinking, and speeding are all de facto legal." But, he says, "Go over the South Orange line and people quickly tell you, 'Slow down, they give tickets here for speeding.'" In New York, arresting people who jumped the turnstiles brought in felons wanted for arrest on outstanding warrants, and Booker wants a similar approach in Newark. "What we need is quality-of-life policing that stops the speeders and drunk drivers," capturing felons in the process, he says.

Booker, an avid student of management, wants to modernize a city government long dedicated to maximizing city jobs while minimizing service. He looks with admiration at Baltimore's Citistat system for tracking the performance of municipal agencies, because in Newark it takes longer to pay a parking ticket than to buy an automobile online. And firefighters have to buy their own computers in a city with a barely functioning Web site.

The irony is that Newark is endowed with a top-notch fiber optic network as well as five colleges with 40,000 students who represent an opportunity to move the city into a post-industrial economy. But the sheer difficulty of getting city permits and the omnipresence of crime has given Newark a reputation as a city where you just can't get business done.

Newark is stuck in the past. When Booker went to City Hall to ask the municipal clerk for budget documents, he was met with incredulity. "The business of City Hall," the clerk explained with a twinkle, "is everything but the business of City Hall." And unless that changes, it's likely to be the epitaph for Newark's revival. ◆

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Fast cash for the tax man

Tax preparation services in poor neighborhoods generate quick refunds. But they cost their customers, and the U.S. taxpayers, too much. A few easy policy initiatives could change that.

by **Anne Kim** *and* **Alan Berube**

In many of America's poorer neighborhoods, storefront tax services are a common seasonal sight. Touting fast cash and hassle-free filing, these outlets lure millions of working-poor customers each spring.

But what they don't advertise is the price of their promises, which is steep.

In Washington, D.C., for example, the average storefront charges about $100 to prepare a return and file it electronically. Preparers also command exorbitant fees for "rapid refunds," which are actually short-term loans with very high interest rates—much like payday loans. These "refund anticipation loans" (RALs) cost from $40 to $300 in the Washington area, or even more, depending on the bank and the size of the refund.

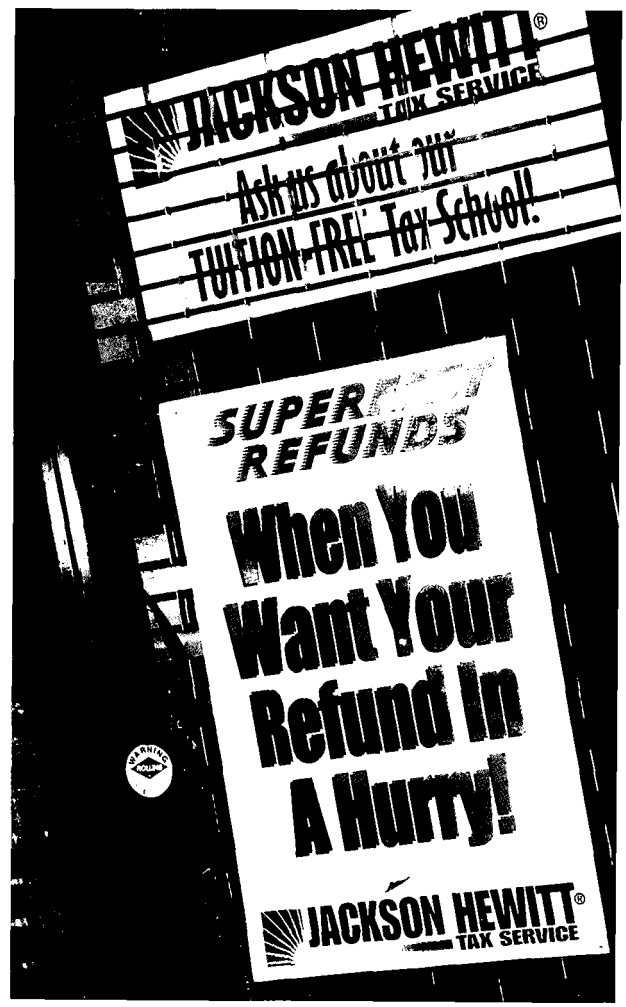
Last year, for example, an H&R Block rapid refund cost a customer in Washington $121 in fees on a refund of $2,500—a high price for an "early" refund that saves only about a week's wait. The annualized interest rate on this RAL, in fact, is about 250 percent.

The high cost of these services hurts not only individual families but diminishes the impact of the government's largest anti-poverty program, the federal earned income tax credit (EITC). Every year, the EITC provides refundable tax credits to low-income parents who earn less than about $32,000 for a family of four. In tax year 2001, a minimum-wage worker with two children could receive a credit of $4,008. The program's reach is enormous: In 2000, more than 19 million working families claimed $32 billion in EITC refunds.

But by the time all of 2001's EITC refunds are paid, tax preparers will have siphoned away a conservatively estimated *$1.75 billion*—money Congress intended for the poor, not the tax preparers. This is because at least 60 percent of families who earn the EITC pay someone to file their taxes. Moreover, almost half of these families also buy a RAL. Relying on low-wage workers to fuel their business, tax preparers divert huge sums annually from working-poor families, especially those who receive the EITC.

Low-income workers rely on high-cost tax services for several reasons. First of all, tax service storefronts can offer their customers fast cash—an undeniable attraction for the poor. Because they often receive large refunds, many low-income families are anxious to claim their refund dollars quickly. Tax services not only offer electronic filing (which can speed up the Internal Revenue Service's processing), but RALs can, in some instances, also permit customers to walk out the same day with a check. Moreover, because all fees are automatically deducted from the refund, nothing is owed upfront.

Second, the tax code is quite complex—especially the EITC. For example, the IRS instruction booklet explaining the credit is a staggering 56 pages long, and includes six separate worksheets. An additional complication this year is the new refundable child tax credit, which was one of the few bright spots in the 2001 tax cut. Although the child tax credit should prove to be an important supplement to the EITC for



INSTANT GRATIFICATION: Storefront tax preparers tout fast refunds. In actuality, they are short-term loans at very high interest rates.

Anne Kim is director of the Work, Family and Community Project at the Progressive Policy Institute. **Alan Berube** is Senior Research Analyst at the Brookings Institution Center on Urban and Metropolitan Policy.

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working poor families, it has its own set of rules and is not easy to claim (see sidebar, right).

Third, tax service storefronts are ubiquitous in lower-income communities. Our research shows that in the nation's 100 largest metropolitan areas, outlets registered with the IRS are 50 percent more likely to locate in zip codes with a high proportion of taxpayers who claim the EITC. In San Antonio, for instance, an average of 20 tax preparation services operate in each of the nine zip codes in which at least a third of all families receive the EITC.

Of course, no one forces poor taxpayers to walk into the tax preparation storefronts. Unquestionably, professional services fill a necessary function and without them many poor families might get no EITC at all. Yet clearly the public interest is not served when a tax credit designed specifically to supplement the earnings of low-income working families with children subsidizes a growing, multi-billion dollar industry.

How can we remedy this unintended exploitation of low-wage workers? For starters, policies that have directly aided and abetted the industry in recent years must be changed. For example, the IRS is prohibited from competing with the tax preparation industry, thus limiting the agency's ability to provide free software and online filing.

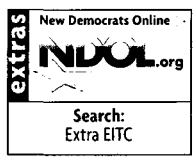
Congress and the administration should permit the IRS to offer online filing and free tax preparation software in low-income neighborhoods.

Lifting this prohibition, at least as it applies to low-income taxpayers, can ease the financial burden that paying for tax preparation imposes on many families. In addition, there are a number of other steps that could provide working families with better access to their full tax refunds:

1. Simplify the EITC and the refundable child tax credit. Although complexity in the tax code is inevitable, the rules governing these credits are needlessly complicated. And even though last year's tax bill included a few good changes, such as the simplification of some EITC definitions, there's ample room for more reform. One solution, proposed by Isabel Sawhill of the Brookings Institution, is to combine the EITC and the child tax credit into a single, streamlined benefit that families can easily claim, without professional help.

2. Provide low-income taxpayers with more free tax help and free electronic filing. The Volunteer Income Tax Assistance program, sponsored by the IRS for lower-income taxpayers, completed only 101,000 EITC returns for the 1997 tax year. Given more funding, though, locally operated Volunteer Income Tax Assistance programs could reach many more low-income taxpayers who might otherwise resort to paid preparers. A $10 million grant program, administered by the IRS and matched with state and local dollars, could support the filing of nearly 1 million returns for low-income taxpayers annually.

In addition, Congress and the administration should permit the IRS to offer online filing and free tax preparation software in low-income neighborhoods, at venues such as public libraries and Volunteer Income Tax Assistance sites. Besides saving taxpayers money on preparation fees, free electronic filing should also lessen the demand for rapid refunds, which are an outgrowth of the near-monopoly on electronic filing that paid preparers now enjoy in low-income communities. At the very least, the IRS should make a concerted effort to inform low-income taxpayers of any available opportunities for free or low-cost tax assistance, such as the free online tax service currently provided by Intuit, the financial software company, for anyone who earns less than $25,000 a year.



3. Promote financial literacy. Many filers may not know the real cost of a rapid refund. Raising consumer awareness—through public service announcements, community efforts, or even a simple brochure included with tax forms—can help prevent costly mistakes.

Over the past decade, the EITC has helped move millions of families into the workforce and out of poverty. But it has also helped to create a burgeoning marketplace for tax preparation services—one that profits these businesses at the expense of the poor. Sensible changes in tax and government policies will help ensure that families receive the full benefit of the EITC to which they are entitled. ◆

Research assistance was provided by Megan Burns and Benjamin Forman.

How We Got Our Numbers

Over a period of about eight months, researchers at the Progressive Policy Institute and the Brookings Institution telephoned 124 tax preparation services in the Washington, D.C., metropolitan area. We asked each service to estimate the cost of preparing a Form 1040A (the form required to claim an EITC) as well as the additional cost, if any, of preparing the forms for an EITC. We also asked if there was an additional charge for electronic filing. Last, we asked if the preparer offered RALs and, if so, their approximate cost. After repeated calls in some instances (a number of services were closed when we first began our calls), we collected 60 responses.

In addition, we used new data from the IRS to: (1) examine the relationship between the location of tax preparation storefronts and the location of EITC recipients; and (2) estimate the total amount of EITC dollars diverted to pay for tax preparation and RALs.

Detailed results are in the report, "The Price of Paying Taxes: Tax Preparation, Refund Loans and the Earned Income Tax Credit." It is available at www.brookings.edu and www.ppionline.org.

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Let 'em go to an accountant

How a good law has turned into a major stumbling block for the poor.

by **Jeff Lemieux**

Although most of President Bush's 2001 tax cut is skewed in favor of people with high incomes, last year's law contained one significant tax break for the working poor. By making the popular $600 child tax credit "partially refundable," it allowed families with some income but little or no federal income tax liability to get at least part of the credit.

But then the Internal Revenue Service threw up such a thicket of confusing instructions and dead-end mazes that many poor workers may not get the tax breaks they are due.

The trouble starts right in Form 1040 (the long form) and 1040A (the short form). Incredibly, neither form's instructions mention the new changes in eligibility for the child tax credit. Even the child tax credit worksheet, which is still designed for the old nonrefundable credit, omits this crucial tidbit. At the bottom of the worksheet, after taxpayers are told they *cannot* receive the credit if they have no net tax liability, there's a mysterious reference to a "tip" which suggests they consult Form 8812, an obscure form for a little-used tax break for large families.

Of course Form 8812 is diabolically complicated (see box). It makes it almost impossible for poor people to get their tax break without hiring an accountant. It's no wonder that tax preparation firms are making a killing in high fees charged to poor families.

There are two simple reasons for the complexity of the child tax credit on this year's tax forms. The first is poor drafting of the law by Republican tax writers in Congress and the Bush administration, whose hostility to tax breaks for low-income workers seems pretty evident. The second is lousy drafting of the forms by the IRS, which did a miserable job translating the law into understandable tax forms and instructions.

Tax year 2001 was a headache for poor people who deserved the child tax credit. But there's time for the IRS and Bush administration to clean up the mess for next year, and simplify the one significant element of compassion in the Bush tax cut. ◆

Instructions for Line 4 of FORM 8812

Taxable Earned Income

1. Did you, or your spouse if filing a joint return, have net earnings from self-employment and use either optional method to figure those net earnings?

☐ **No.** Go to question 2.

☐ **Yes.** Use Publication 972 to figure the amount to enter on Form 8812, line 4.

2. Are you claiming the earned income credit (EIC) on form 1040 line 61a, or Form 1040A, line 39a?

☐ **Yes.** Use the following chart to find the amount to enter on Form 8812, line 4: [CHART] If you are filing Form 1040A AND you completed Step 7 on page 41 of your 1040A instructions THEN enter on Form 8812, line 4, the amount from Step 7, Box C. If you are filing Form 1040A AND you completed Worksheet 2 on page 22 of Pub. 596 THEN enter on Form 8812, line 4, the amount from Worksheet 2, line 8.

☐ **No.** 1040A filers skip question 3 and go to question 4.

4. Does the amount on line 7 of form 1040 or Form 1040A include any of the following amounts?

- Scholarship or fellowship grants not reported on a W-2 form.
- Amounts paid to an inmate in a penal institute for work (put "PRI" and the amount paid in the space next to line 7 of form 1040 or 1040A).
- Amounts received as a pension of annuity from a nonqualified deferred compensation plan or a section 457 plan (put "DFC" and the amount received in the space next to line 7 of Form 1040 or 1040A). This amount may be reported in box 11 of your W-2 form. If you received such an amount but box 11 is blank, contact your employer for the amount received as a pension or annuity.
- Amounts from Form 2555, line 41, or Form 2555-EZ, line 18.

☐ **No.** Enter the amount from line 7 of Form 1040 or Form 1040A on Form 8812, line 4.

☐ **Yes.** Subtract the total of those amounts from the amount on line 7 of Form 1040 or Form 1040A (If an amount is included in more than one of the above categories, include it only once in figuring the total amount to subtract.) Enter the result on Form 8812, line 4.

Jeff Lemieux is senior economist at the Progressive Policy Institute.

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Communicating health care

Post-Sept. 11, building a health care information infrastructure should be a national priority.

by **Peter Ross Range**

As hundreds of millions of dollars flow into health care institutions and public health agencies focused on bioterrorism, a key aspect of the future health security of the nation is being neglected: a national health information infrastructure. While strategies are emerging to link doctors with their state public health agencies, and to speed the flow of information in and out of the Centers for Disease Control and Prevention, these efforts all suffer from stovepipe structures that do not allow sufficient horizontal exchange of critical health information about patients, populations, and possible solutions. They are, in effect, disease information databases, not a health information infrastructure.

In addition, while addressing the needs of providers and public health agencies, they often leave out the third leg of the health improvement stool: consumers of health care.

These are the conclusions of a recent report to the U.S. Department of Health and Human Services. Called *Information for Health: A Strategy for Building the National Health Care Infrastructure* (www.health.gov/ncvhs-nhii), the report was released in January 2002. It looks at the larger issues of health information that go beyond simply preparing for catastrophic bioterrorist events. The proposed strategy would link the three key dimensions of national health security—personal health, public health, and health care providers—in a seamless web of exchangeable information. "We have to make it possible for all health care decision-makers to share appropriate information at high speed," says Dr. John Lumpkin, Illinois' director of public health and chair of the report's authoring committee.

The report's most important conclusion, notes Lumpkin, is that federal leadership must be the cornerstone of creating the national health information infrastructure, called NHII. For that to happen, committed political leadership is necessary. Without a strong national push by a leader with vision, numerous agencies and private organizations will continue to build dozens of information systems that may or may not communicate well. That's why development of national standards should receive high priority.

One of the key functions of any health care information system is providing privacy and security for personal data, especially when it is used for research and to track public health problems geographically and thematically. "De-identification" is a device used to translate personal data into public data not attached to any individual.

Likewise, committed involvement of the private sector is essential; only a public-private partnership can meet all the needs of a truly national system. ◆

A Scenario for the Future

Shortly after the Sept. 11 attacks, John Doe moved from Pittsburgh to San Diego to take a new job. He had already chosen a new doctor in San Diego who had the same online health support that his previous doctor had—even though John is now on a different medical plan. Just as in Pittsburgh, John knows that he can use the Internet to set up appointments with his new doctor, get prescription refills, review lab results, email the medical practice or nurses, and keep his own personal health history.

A week after John arrives, however, he feels feverish, and his muscles ache. Concerned about the terrorist attacks, he fears that he may have contracted anthrax or smallpox. He emails his new doctor a list of his symptoms, along with his last 14 days' itinerary. The doctor's computers match John's information against the public health database of anthrax and smallpox occurrences. They also run John's symptoms against his own personal health record, including his medications.

The computers send an urgent alert to John's new doctor, who sees no likely source of exposure to anthrax or smallpox. But they spot a potentially problematic interaction between some of John's medications. The doctor telephones John and tells him that the new drug he just started could have triggered an adverse reaction, causing the aches and fever. But she feels confident that he does not need to come in for tests or take unnecessary antibiotics. Instead, she changes John's medication and asks him to email her in 24 hours.

The next day, John confirms by email that his fever and aches are gone. Unnecessary lab tests, investigation by public health authorities, an unneeded antibiotic—not to mention personal anxiety—have all been avoided. The health care information infrastructure has worked for John, for his health care provider, and—by extension—for public health purposes. Had John been infected, it would have worked just as smoothly, but with different results.

This didn't happen. But it could, within a decade, if the National Health Information Instructure is implemented. ◆

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Bush's protectionist tab

The president talks a good line, but he's not yet chaste. And it's costing poor Americans a bundle.

by **Ed Gresser**

The Bush administration's trade policy—vacillating between conceptual devotion to free trade and practical service to protectionism—has the ring of St. Augustine's famous youthful prayer: "Let me be chaste, but not yet."

In speeches, administration enthusiasm for free trade abounds. "Fearful people build walls around America," said the president this spring, but "confident people make sure there are no walls." In practice, however, Mr. Bush seems to reach for the trowel and mortar every other week to slap on another brick of protectionism.

Last March's new steel tariffs—up to 30 percent on wire, plate, and dozens of other products from 32 countries—are the best publicized case. But these increases are just one example among six since November. Whether it's on Vietnamese catfish, Canadian lumber, Pakistani towels, Central American T-shirts, or Colombian roses, Mr. Bush seems to impose a new import tax (or duck an opportunity to cut an existing tax) whenever he has the chance.

The tab mounts fast. Since taking office, the administration has raised taxes on $20 billion worth of goods, and has promised to do so on a few billion more. By comparison, it has removed taxes on only $1.3 billion in imports (though this might rise to $10 billion if the administration can conclude free trade agreements with Chile and Singapore). After little more than a year on the job, therefore, Mr. Bush has overseen the biggest outbreak of new import taxes in 20 years.

It's not an especially attractive record. But it may have a saving grace: It has directed a spotlight on tariff policy generally. The steel tariffs get attention because they seem such a sharp departure from the normal approach to trade. And, in the aggregate, it is true that American tariffs are low, averaging less than 2 cents on the dollar. But the aggregate figures hide the uncomfortable fact that for hundreds of consumer goods, tariffs of 15 to 30 percent are not aberrations but normal and permanent policy. A glance through the tariff schedule finds such high tariffs on T-shirts, spoons, sweaters, sneakers, baby clothes, drinking glasses, forks, and more. This alone makes the tariff system perhaps the most regressive part of the American revenue system—and it still hides flagrant discrimination against the poor.

Women's underwear offers a spectacular example. Imported polyester panties, sold in big heaps at mass retail outlets like Wal-Mart or Target, face tariffs of 16.2 percent. But luxury silk lingerie from abroad, sold at elite boutiques, has a tariff of only 2.4 percent. As a result, low-income women, unknowingly, pay far higher taxes on underwear than wealthy women who shop in elite stores.

The figures hide the uncomfortable fact that for hundreds of consumer goods, tariffs of 15 to 30 percent are not aberrations but normal and permanent policy.

This case, while arresting, is not isolated or unrepresentative. Rather, it is quite typical—biases against the poor are pervasive throughout the tariff schedule. Cheap drinking glasses, priced at 25 cents apiece or less, carry 30.4 percent tariffs; by contrast, tariffs on leaded glass mugs costing more than $5 a pair are only 3 percent. Likewise, tariffs on $100 track shoes are high at 20 percent, but they look tame when compared with the 66 percent tariffs on down-market sneakers sold for $3 or less. And while forks with golden or silver-plated handles face no tariff at all, stainless steel forks at 25 cents or less have tariffs as high as 18.5 percent.

Why would we create such a system? Certainly not by design. In fact, tariff policy has evolved more by neglect and indifference than intention. As the trade negotiations of the 1960s and 1970s brought rates down, the government began to see tariff policy as a secondary issue. Rather than pursue a vision of the tariff system as a whole, therefore, the U.S. took an approach to tariffs that led to 20 different tariff policies for different industries, each designed to co-opt potential opponents of larger trade agreements.

These different policies can be grouped into three categories. First, outward-looking, export-oriented industries like civil aircraft or semiconductors have been seeking—and often winning—worldwide elimination of tariffs. Second, makers of elite and luxury goods, who compete based on brand name and image, have been indifferent to tariff policy. But makers of cheap consumer goods, by contrast, compete almost solely on price; they tried hard to keep tariffs high and usually succeeded. The result is that tariffs have vanished from high-tech goods and luxuries, but remain disgracefully high on the cheap products most often bought by the poor.

In the United States, tariffs place their greatest burden on single mothers. Single-parent families face clothing bills twice as high relative to their income as two-parent families. Furthermore, because

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FANCY BRAS, LOW TARIFFS: Luxury lingerie is imported with a 2.4 percent duty, but mass-market women's underwear meets a 16 percent tariff.

their incomes are low (averaging $25,000 a year), single mothers buy clothes with higher tariffs, and usually shop in stores with lower markups. Tariffs may cost such young mothers—above all, families just leaving the welfare system—hundreds of dollars a year.

Just as it penalizes poorer shoppers in American stores, the tariff system imposes a unique burden on very poor countries that export to the United States. Poor nations—especially Asian countries that lack special programs like the African Growth and Opportunity Act or the Caribbean Basin Initiative—specialize in precisely the cheap consumer goods that face the highest tariffs. One astonishing result is that the U.S. Customs Service collected more money on goods from Bangladesh last year than on goods from France. Bangladeshi businesses, exporting $2 billion worth of cheap skirts, blouses, and baseball caps, lost $331 million to tariffs; French exporters of $30 billion in fine wines, pharmaceuticals, auto parts, and other goods, only lost $330 million.

Then look at Southeast Asia, where Cambodian entrepreneurs, struggling to succeed in a country just recovering from genocide and civil war, faced tariffs of $150 million on sales of $950 million worth of shirts and underwear; high-tech exporters in Singapore paid only $95 million for $15 *billion* worth of semiconductors, surgical equipment, and high-end PCs. And for a final example, tariffs cost both Mongolian and Norwegian exporters about $23 million—in the Mongolian case, for $140 million worth of sweaters and suits; and in the Norwegian case, for $5.3 billion worth of salmon, jet engine parts, and North Sea petroleum.

Finally, the tariff system is almost completely ineffective in protecting jobs at home. Despite a unique quota system and a tariff 10 times the average rate, the domestic apparel industry lost half its employment during the 1990s. For shoes the situation is starkly absurd: The government collects $1.6 billion a year in import taxes (as much as it collects on cars) even though America makes virtually no shoes at all. Shoe tariffs are simply the policy equivalent of an appendix—a tax remaining long after the industry it was meant to protect has gone.

Such a system cries out for reform, and the Bush administration has a logical way to proceed. The World Trade Organization's new round of negotiations, which opened in Doha, Qatar, last November, has a mandate to cover tariff policies. Were the administration to call for worldwide elimination of tariffs on consumer goods in this round, it could regain some of the international credibility it lost in its recent spate of tariff hikes. It could bargain more effectively to open markets for American exporters, and it could open development opportunities for poor countries as it raises living standards for the poor at home.

Can the Bush administration take such a step, given its apparent faith in new tariffs as a source of votes? St. Augustine, of course, was able to transcend his dissipated youth. One can likewise hope that for the administration today, a bit of early debauchery will yield to a more chaste lifestyle later. At the very least, though, the president might call a halt to the new import taxes and stop making a bad system worse. ●

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Less grass, more roots

They just don't make protests like they used to. Here in Washington, once the nation's capital of informed dissent, protests are now about as eventful as the cherry blossoms: they tie up rush hour traffic, but at least they give people a reason to visit.

I learned this firsthand recently, when a swarm of protesters stormed the DLC offices demanding to meet with me. At first I thought they were looking for Ralph Reed. Or perhaps they had set out years ago to march on the Clinton White House, but, like Odysseus, had met so many adversities along the way that they arrived late and found a different landscape altogether.

But the protesters, far from lost, knew exactly where they were going. They saw the DLC signs and chanted, "Dirty Lying Congressmen!" When the police arrived, the protesters shrewdly shouted, "The police deserve a raise!" Our receptionist asked, "Could you please chant, 'Your receptionist needs a raise'?"

I refused to cower in the face of an angry mob. If hundreds of activists hadn't heard that I'm a has-been, I wasn't about to run. I wanted to thank them for coming.

In fact, the crowd had come to protest the DLC's support for welfare reform [BLUEPRINT, Jan/Feb 2002]. As I steeled myself for a reprise of the epic 1996 debates over time limits and work requirements, the leader of the group spelled out their demand: "We want a meeting with Senator Bayh and Senator Carper, and you're the guy who can get it for us." Apparently, they knew the outcome of the 2000 presidential election after all.

"Isn't there a phone around here you could use to call the senators?" they kept insisting. So the first protest in 17 years of DLC assaults on liberal orthodoxy ended with a voice mail for Senator Bayh's scheduler.

The protesters left their organizing materials behind. Sadly, we found no talking points on the stubbornness of poverty, no *cri de coeur* from Peter Edelman, just a sheet of "Rules for HITS," such as: "During the ride to each hit / site visit, a bus captain will explain who we are hitting and why."

Like everything else in politics, protests are becoming ever more sophisticated and empty. The 1999 riots in Seattle against the World Trade Organization marked the arrival of protest as gridlock and the triumph of tactics over meaning. When my pink-haired, twenty-something niece marched against the World Bank, she and her friends chanted, "More Fish, Less Shark."

Thanks to modern technology, if enough people show up, a protest doesn't have to be about anything in order to achieve its objective. As Gordon Brown, British Chancellor of the Exchequer, said after the disastrous G8 Summit in Genoa, "We knew something was wrong when our central message at the press conference was to thank the police."

Perhaps longing for the old days when protests meant something is just another baby boom delusion. Still, it's sad to think that in 40 years, we have gone from "I Have a Dream" to "We Want a Meeting!"

Where have all the good protests gone? Aging centrists everywhere would love to blame over-pierced and under-challenged young people—the first generation in human history to talk like snowboarders and think like Ralph Nader. Today's youth think "this generation has a lot to say" is an advertisement for cell phones—which, as a matter of fact, it is.

Yet much as I believe that there's nothing wrong with the younger generation that a few years of national service wouldn't fix, they're not the only ones who bear responsibility for the collapse of modern dissent. If all that young Americans can find to get mad about is some vast globalist conspiracy, authority isn't giving them enough to question.

So let's place some of the blame for fuzzy youth where it belongs: on the people in charge who are doing so little to move them. Apart from his father, George W. Bush has done less to change the status quo than any president since Gerald Ford. His biggest ambition so far has been to save a handful of multimillionaires from the estate tax. His burning domestic desire for the rest of his first term seems to be securing a second one.

It's Democrats' fault, too, for not repeatedly reminding the press and the voters that the purpose of politics is to offer bold answers to real problems. A status-quo president who ignores our nation's real, long-term challenges can do just as much harm as an overreaching one. We're so busy trying to scare voters about the Republican plan to privatize Social Security, we haven't exposed their real plan—on that and every other domestic issue—to run a big deficit and then do nothing whatsoever.

If we want Americans to take a stand, we should try it ourselves sometime. The only thing worse than a do-nothing presidency is doing nothing about it. ◆

Bruce Reed is president of the Democratic Leadership Council and was President Clinton's domestic policy adviser.

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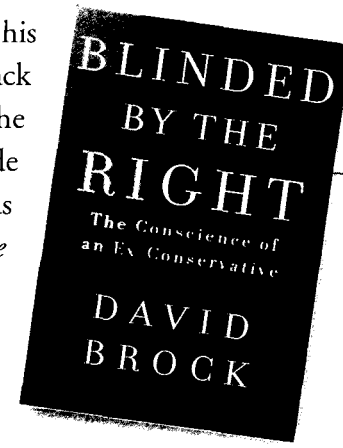
Confessions of a hit man

Kenneth S. Baer In his chatty yet eye-opening memoir of his journey from Berkeley liberal to conservative muckraker and back again, political journalist David Brock comes clean about the various sins of his years in the right-wing wilderness. These include distorting facts, ignoring patterns of logic, and making up salacious claims wholesale, which is why his new book, *Blinded by the Right: The Conscience of an Ex-Conservative*, raises the more serious question: Can we ever believe the conservative media?



BLINDED BY THE RIGHT: The Conscience of an Ex-Conservative • by David Brock • Crown • 288 pp. • $25.95

If half of what David Brock writes is true, then not only can we not always believe them, we must also recognize that the conservative media—and the right wing for which they are mouthpieces—have come to embrace a hyperactive and hyperbolic approach to politics and journalism.

Brock tells us that he was always an unlikely conservative reactionary. He cast his first vote for Jimmy Carter in 1980, went to the University of California at Berkeley in 1981 as a form of protest against his conservative father, interned for the Robert F. Kennedy Memorial Foundation, and is openly gay.

But a funny thing happened on the way to *The Nation*. As a columnist for the student newspaper at Berkeley, Brock ran afoul of the politically correct left. His deviations from liberal orthodoxy drove him into the arms of the small band of neoconservative professors on campus and, eventually, into a "powerful network of like-minded youth" organized around conservative publications such as the *Dartmouth Review* and funded by conservative foundations at universities across America.

After graduation, Brock worked his way up the ranks of the conservative press—from *The Washington Times* and its magazine, *Insight*, to the *American Spectator* and eventually to writing best-selling books for the popular conservative publishing house, the Free Press.

This left-to-right journey across the political spectrum is nothing new. The neoconservative movement of the 1960s and 1970s grew out of heated socialist debates in the City College of New York cafeteria. But unlike Irving Kristol, Norman Podhoretz, and Daniel Bell, Brock is no intellectual and his conversion was anything but principled. Rather, he is a fame-seeker and a congenital contrarian. In what are the most tedious passages of the book, Brock explains away his behavior as a function of being adopted, gay, ostracized as a schoolboy, and distant from his father.

Yet the last decades of the 20th century were right for a political warrior unconcerned with politics. In the wake of the bloody confirmation hearing of Judge Robert Bork, in which both the left and the right indulged in their fair share of character attacks, American politics entered an era in which the willingness to indulge in character assassinations meant more than political beliefs. As long as Brock was willing to do the right's bidding, it didn't matter that he was gay or disagreed with its agenda.

While at *The Washington Times* in the 1980s, Brock learned to turn a "blind eye to facts that did not suit my political aims" even though the newspaper was marketed as "objective journalism." And in 1991, when Clarence Thomas was nominated to the Supreme Court, Brock entered the center ring of the American political circus. Setting out to write a hatchet piece on Anita Hill (whose charges against Clarence Thomas, Brock writes, he believed), Brock worked closely with the conservative Free Congress Foundation, with Republican Senate staff members who leaked him confidential information including FBI files, with lawyers in the first Bush White House, and even with a sitting federal judge.

Of course, reporters rely on an array of sources in gathering information. But in his *American Spectator* article, "The Real Anita Hill," and a best-selling book of the same name, Brock did not act as a reporter. He never sought access to sources or evidence that countered his argument that Anita Hill was, in his famous line, a "little bit nutty, and a little bit slutty." He published salacious and malicious charges without corroborating them from a second source. Indeed, his sources in the White House, the U.S. Senate, and throughout the conservative world were more collaborators than anything else.

Kenneth S. Baer is author of *Reinventing Democrats: The Politics of Liberalism from Reagan to Clinton.*

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Brock even names two White House lawyers—Lee Liberman and Mark Paoletta—as "principal co-authors" of the book on Anita Hill.

In the battle over the Thomas nomination, the left and the right both were guilty of pushing the bounds of political decency, but for the conservative movement, this became its principal *modus operandi* over the ensuing decade. With the battle against communism won, the right was without a unifying enemy. That, along with the rise of social conservatives within the Republican Party, pushed the right to its natural next target, the personal embodiment of the secular, baby-boomer culture they abhorred: Bill Clinton.

From the early stages of Clinton's candidacy (and perhaps even his career), the right's animosity toward Clinton was all-consuming. By then seen as the pre-eminent conservative muckraker, Brock was quickly caught up in the effort to destroy the president, an effort that Brock now recognizes as going "far beyond the opposition research typically conducted in political campaigns—not only in its secretiveness and its single-mindedness, but also in its lack of fidelity to any standard of proof, principle, or propriety."

Indeed, Brock's "Troopergate" exposé in the *American Spectator*, which included allegations that then-Governor Clinton used state troopers to facilitate his social life, was admittedly based on allegations that could not be independently verified. Of course, only one allegation—one that Brock admits he only had verified by a single secondhand source—proved to be true, and that's how the name Paula Jones entered the political lexicon. Brock once again was a star.

Yet when asked to do to Hillary Clinton what he had done to Anita Hill, Brock produced a book that was more nuanced and based on real reporting—hardly a paean to the First Lady, but not a hatchet job either. The book bombed commercially, and almost immediately, Brock felt the right's cold shoulder. Brock's journey back to the left began.

After reading Brock's exploits as a

Continued on page 52

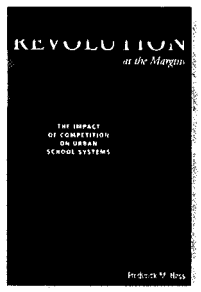
Competitive ideas on school choice

Andrew J. Rotherham There is a repellent stridency to the debate about school choice. Many proponents of private school choice view it as almost a panacea while opponents refuse to acknowledge real or potential gains from even public school choice strategies. The result is a vitriolic exchange with both sides talking past each other or trading insults about the other's motivations. Many combatants are less interested in evidence than fighting an ideological battle over the false choice between government and markets as the provider of public education.

Too often missing from this discussion are two elements: thorough analysis about the impact of choice on schools, and discussions of choice options besides vouchers. Research into test scores yields modest but controversial findings about gains in achievement but little information about overall effects on school districts. The public dialogue focuses on vouchers despite more than 600,000 students attending charter schools nationwide and the popularity of these schools among parents.

To help fill the information deficit, education scholar Frederick Hess of the University of Virginia examines the impact of choice on urban schools in three communities—Milwaukee; Cleveland; and Edgewood, Texas—in his new book *Revolution at the Margins*. Milwaukee and Cleveland are home to publicly funded voucher programs and Edgewood has a privately financed initiative.

Revolution will not please either side of the voucher war. The book is not an unqualified endorsement of markets. At the same time, however, it does not discount the benefits of greater choice and competition in education. Because



REVOLUTION AT THE MARGINS: The Impact of Competition on Urban School Systems • *by Frederick M. Hess* • Brookings Institution Press • 268 pp. • $18.95

school districts are governed more by political than economic logic, Hess finds more subtlety and complexity in how districts respond when parents have a greater choice of schools than is commonly assumed.

Economic theory dictates that education, like all products, will respond to market incentives and pressures. Competition, therefore, is assumed to drive change and especially improvement. In *Revolution*, however, Hess examines how these assumptions work in practice, rather than in theory. How, he asks, do school districts respond when they lose their monopoly on public education and are faced with substantial competition? Hess finds that the current education marketplace creates incentives for school districts to react politically rather than

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BAER: Confessions of a hit man

"right-wing hit man," it becomes clear that this is not a fair fight. Do the mainstream media have biases? Of course. But while their bias may often be liberal, the mainstream media are also liberal in the classic sense. They aspire to present stories that are supported by verifiable evidence, gathered in a fair way that protects sources, and to offer both sides of an argument. Even when reflecting editorial slant, the sins of mainstream reporters are almost always those of omission, not of fabrication. They take seriously their democratic role as the presenters of arguments and uncoverers of facts.

Despite what Brock reveals about the right-wing press in *Blinded by the Right,* that is not to say that there are not conservatives who share this outlook and contribute positively to public life, or that there are not those on the extreme left who are equally dogmatic. But, over the past decade, the most vocal and most active on the right have been those who, more routinely than not, reject the bounds of civility and constraints of logic.

It is no surprise, then, that so many Americans see politics as broken. It's difficult to have a constructive debate with those willing to level unsubstantiated charges and employ lies to further their cause, and it's even more difficult to compromise with those who do so in the service of absolute truths. To these conservatives, extremism in the defense of any position is no vice. The "sensible center" in American politics assumes that its opponents share its sensibilities: a belief in verifiable evidence and a willingness to listen to—and work with—the other side. By showing that this is not necessarily the case, Brock gives us a glimpse of the obstacles that lie ahead, not just for politicians who see energetic debate and bipartisanship as part of the job description, but for American politics itself. ◆

ROTHERHAM: Competitive ideas on school choice

substantively to choice and competition. "School system officials are concerned not only with retaining customers but also with satisfying the broader political community. Caring about the satisfaction of both consumers and nonconsumers, officials find media coverage highly salient," he writes.

In this environment, the structure and incentives of the education marketplace must change if choice is to generate improvement. Policymakers have two options for accomplishing this, according to Hess: continue the slow, methodical pickax-like work of today's approach or introduce the "terrible majesty" of a bulldozer by radically changing market conditions. This is a problematic analysis for a voucher movement largely predicated on the belief that simply giving parents a way out of failing public schools will drive improvement. A slow pace of change illustrates the limitations of choice as a stand-alone reform. Dramatic change requires more than just choice. "The lesson is not that markets cannot drive more profound change in education but that such effects will require changing the institutional and organizational context of urban schooling," concludes Hess.

Although the book is more about vouchers than about charter schools and other public choice options, *Revolution* holds important lessons for reformers on all sides of the choice debate. First, understanding substantive versus cosmetic changes in schooling is essential.

Reformers must heed the central lesson of *Revolution* and ensure that incentives and support for a vigorous education marketplace exist.

The point of school reform is to improve teaching and learning. Governance and other arrangements are only a means to that end. If school districts' only response to competition is advertising or small programmatic changes rather than real improvements, then a competitive strategy is not working.

extras New Democrats Online NDOL.org Search: Extra School Choice

Second, the debate about creating an education marketplace with greater choice will intensify. It's essential that reformers not lose sight of the key principles of public education: equal access for all students and public accountability for results. Because politically derived rules will continue to govern the education marketplace, greater choice can be married to these principles.

Finally, reformers must heed the central lesson of *Revolution* and ensure that incentives and support for a vigorous education marketplace exist. This means, among other changes, passing robust charter school laws in every state, ensuring greater equity and adequacy in per-pupil spending, reforming teacher certification requirements to expand the talent pool, and creating greater autonomy and flexibility for school districts within a results-oriented context. As the fulcrum in the education debate, New Democrats are uniquely positioned to achieve these reforms.

Hess observes: "Unleashing competition requires harnessing individual self-interest, lashing it to clear outcome goals, creating a marketplace characterized by substantial competition, and giving individuals the tools necessary to act in their own behalf." Because of politics and economics, voucher programs will continue to be marginal. Charter schools and other reforms are more likely to create the circumstances Hess describes and truly unleash a revolution in American education. ◆

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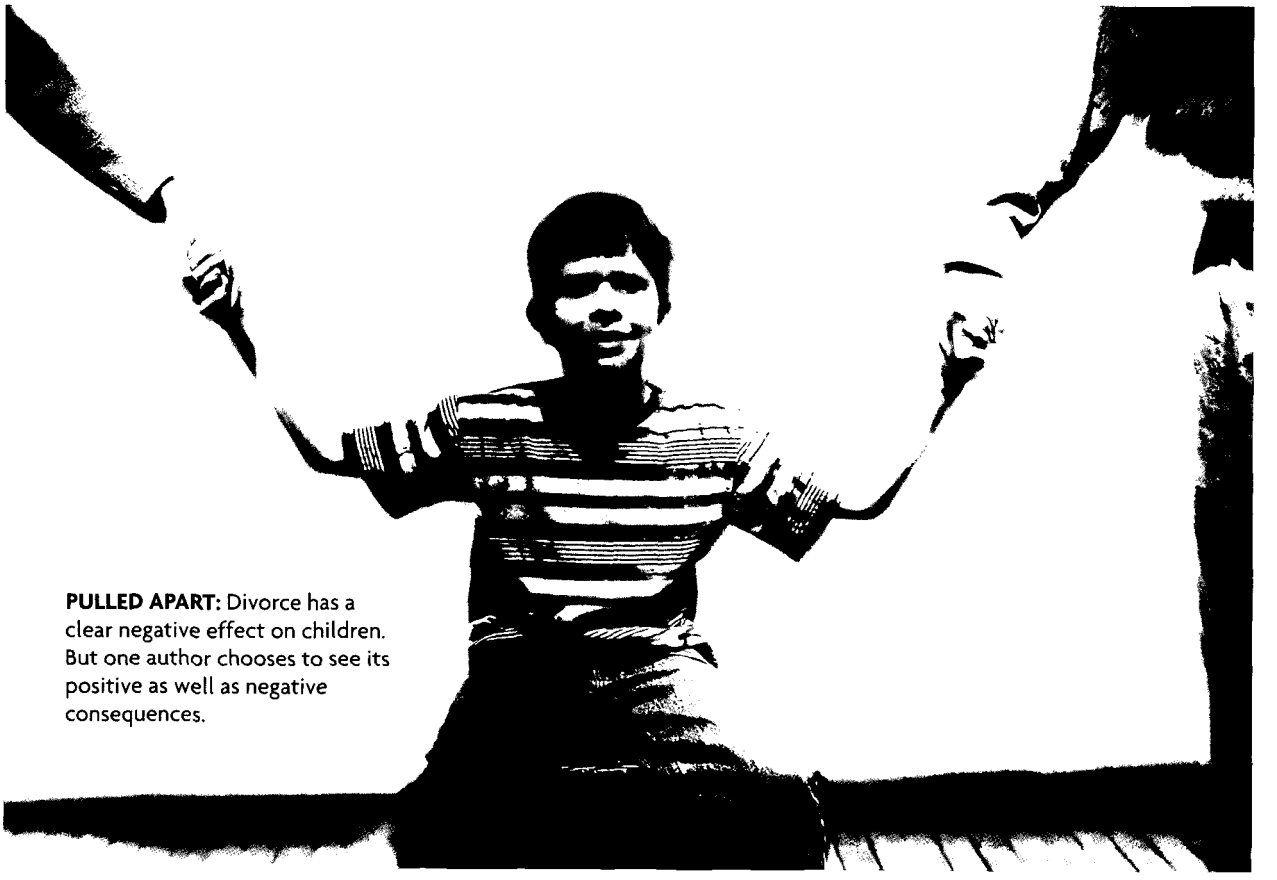

PULLED APART: Divorce has a clear negative effect on children. But one author chooses to see its positive as well as negative consequences.

What about the children?

At the heart of the family debate, two authors with opposite views on marriage and divorce.

by **William A. Galston** Few subjects evoke more passion than the changing American family. During the past thirty-five years, most liberals have applauded, and most conservatives have deplored, the decline of the "traditional" family (male breadwinner/female homemaker) that dominated American society for the first two-thirds of the 20th century.

Few liberals have gone so far as to celebrate the doubling of divorce rates and quadrupling of out-of-wedlock birth rates during the past generation, and many have been moved by research findings to acknowledge their negative side effects. In the main, however, liberal analysts have emphasized what they regard as the emancipatory consequences of these trends and the prohibitive costs of endeavoring to reverse them through public policy. (Most of the articles in the April 8, 2002, special supplement to *The American Prospect* reflect this disposition.)

Conservatives have divided on these matters. The nation's first non-fault divorce legislation was signed into law, with a ringing endorsement message by . . . then-California Gov. Ronald Reagan, himself a divorced man. Today, some conservatives favor

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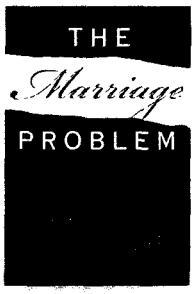
assertive efforts to encourage marriage, while others shy away on grounds of principle or political prudence. Claudia Winkler, managing editor of the conservative magazine *The Weekly Standard*, noted that the effort to bolster marriage "is at odds with deep-rooted, centrifugal American values—individualism, pluralism, the separation of church and state—that have never been more vigorous."

Recent events lend support to Winkler's thesis. The Bush administration has been surprised and stung by the extent of the opposition to its relatively modest proposals for promoting marriage as part of the second stage of welfare reform. This negative reaction is not confined to liberal officials and policy wonks. A March 2002 survey conducted by the Pew Research Center for the People and the Press found that only 18 percent of Americans think the government should start new programs to encourage marriage, while 79 percent are opposed. Almost no one is undecided.

THE MARRIAGE PROBLEM: How Our Culture Has Weakened Families • *by James Q. Wilson* • HarperCollins • 288 pp. • $25.95



The Bush administration has been surprised and stung by the extent of the opposition to its relatively modest proposals for promoting marriage.

Two new books have plunged into this bubbling cauldron of cultural and political debate: *The Marriage Problem* by James Q. Wilson and *For Better or For Worse: Divorce Reconsidered* by E. Mavis Hetherington and John Kelly. The books have quickly become touchstones in the struggle to define the terms of American family life for the 21st century. Both make extensive use of social science data. (The creation of a body of high-quality research on families is one of the most significant, and most positive, developments in the family policy debate over the past two decades.) But the two books approach this new research from different perspectives.

Wilson writes from a broadly but not dogmatically conservative point of view. He begins by asserting that we are "materially better off than our parents but spiritually worse off." (Most Americans agree with this proposition.) It is not money but the family, he asserts, that constitutes the foundation of social life: "As that foundation becomes weaker, every structure built upon it has become weaker." (Most Americans agree with this proposition as well.) The recent decline of marriage is surprising and troubling, he argues, because it has been a near-universal vehicle through which diverse cultures have addressed fundamental problems stemming from the prolonged helplessness and dependency of human infants.

While Wilson offers fascinating discussions of the effects of male/female sex ratios and of evolution-based gender differences, his principal explanations for the decline of marriage and the two-parent family lie elsewhere. In the first place, he argues, the United States is still wrestling with the legacy of slavery, which (among its other baleful consequences) weakened the structure of the African-American family. Wilson deploys new research to challenge the established scholarly view that it was not slavery but rather the migration of African-Americans from the rural South to the urban North that weakened their families. His case is plausible on its face, but it may take a robust scholarly debate and additional research to bring even partial closure to this controversy.

Second, Wilson regards the United States as the country most affected by the historical unfolding of Enlightenment modernity. As the Enlightenment progressed, he argues, status was replaced by contract, tradition by individual choice, and social responsibility by personal liberation. His hypothesis is that "the greatest familial problems would exist in countries where the culture has most fully embraced the Enlightenment ideal"—the United States, but also much of the English-speaking world and northern Europe.

If this cultural-historical thesis is valid, we must then ask: Why is it that the expansion of individual choice tends to further the decline of marriage? Wilson makes much of the fact that most men, faced with the choice between sex inside and outside of marriage, will opt for the latter. He gives what I see as short shrift to the equal, if not greater, movement away from marriage on the part of women, and to the reasons for this shift. Over the past four decades, women have surged into the paid workforce. Their relative contribution to household budgets has increased, and their economic dependence on male breadwinners has decreased. To the extent that an economic logic undergirded "traditional" marriages (and it was considerable), this change was bound to weaken the institution—that is, unless other terms of the bargain were adjusted to compensate for diminished economic bonds.

Wilson downplays the extent to which women believe that this adjustment has not occurred, and the consequences of their belief. As economic ties have weakened, emotional bonds and companionship have become more important as determinants of marital stability, especially for

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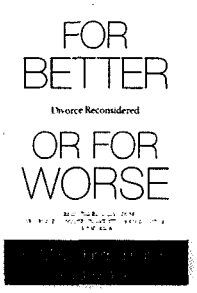
women. This development calls upon men to develop new strengths, and there is little evidence that they have been able to do so to the extent women would like. In addition, women working outside the home want a more equal division of labor within the home. There has been some change in this area, but it has come more slowly and grudgingly than many women would like. Not surprisingly, a large percentage of women cite the lack of satisfying companionship and the unequal division of household labor as key sources of marital dissatisfaction.

Wilson tends to depict the weakening of marriage as mainly the result of men's choices. At one point he asks: If, as numerous studies show, marriage is so beneficial for men, why do so many men reject it? He glosses over the well-established fact, reconfirmed by Hetherington, that far more divorces are initiated by women than by men. Her work, based on tracking a set of 122 families for nearly 30 years and hundreds more for shorter intervals, suggests that this choice is not unreasonable. As she tells the story, more women than men benefit from divorce, in part because it impels many women to broaden their career horizons, become more independent, and discover unsuspected resources of talent and strength. Conversely, more men than women experience extreme loneliness and sink into self-destructive lifestyles. (These findings are consistent with Wilson's observations concerning the benefits of marriage for men.)

What about the children of divorce? Wilson summarizes the state of current research: Even after we screen out other background variables, divorce has an independent, significant, and negative effect on children's cognitive, emotional, and social development. First-rate researchers who doubted this a decade ago have changed their minds in response to new and better evidence. Hetherington agrees. Her work shows that 20 to 25 percent of young people from divorced families have experienced serious problems, compared to only 10 percent from non-divorced families. In a *New York Times* interview, she acknowledged that this two-fold increase in risk is larger than the association between smoking and cancer.

In this context, the framing and presentation of her findings is nothing short of astonishing. The crucial chapter is, "Mostly Happy: Children of Divorce as Young Adults." The crucial finding is as follows: "The big headline in my data is that *80 percent of children from divorced homes eventually are able to adapt to their new life and become reasonably well adjusted.*" (This is the only italicized sentence in this chapter, and one of the few in the book.)



FOR BETTER OR FOR WORSE: Divorce Reconsidered
by E. Mavis Hetherington and John Kelly • W.W. Norton • 320 pp. • $26.95

But what of it? A thought-experiment, if you will: Imagine a new smoking study entitled "Mostly Healthy," which emphasized that the overwhelming majority of smokers do not contract cancer *and enjoy reasonably full and healthy lives.* It would be true, statistically, but beside the point. Why does Hetherington think divorce presents a different case? Her book suggests two answers, neither compelling. First, she presents her findings as the sensible middle way between the extremes of denying negative effects of divorce altogether and maintaining that all children of divorce will experience them. But the latter is a straw man. Every serious social scientist has focused on elevated risk rather than on ubiquitous effects.

Second, Hetherington seems to suggest that when we take into account the positive as well as negative consequences of divorce, the doubling of risk for children, though obviously undesirable, is acceptable as part of the total package—like a military assessment of collateral damage to civilians. If I wanted to put her argument in the worst possible light, I would summarize it as follows: Relative to the status quo in 1970, the current divorce regime is (on average, though not in all cases) bad for men, bad for children, and good for women. And therefore, we should ignore the naysayers and regard the changes of the past 30 years as, on balance, positive. If I understand her thesis correctly, it raises serious questions about how we should evaluate social change.

In my view, proper evaluation takes the interests of all affected persons into account and treats them equally unless there is compelling reason not to. It may rightly be argued that the changes of the past 30 years have helped rectify longstanding imbalances of power and benefit between men and women. But what about the children? Can we view with equanimity a set of cultural and legal changes that expose them to much increased risk of social dysfunction and psychological distress? If not, we must think harder about how to protect their basic interests without undoing the very real progress we have made along other fronts. ◆

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The vincible president

President Bush is popular, but not invincible.

After seven months of planing atop the waves, President Bush seems finally to be heading into turbulent political waters. He is showing anything but a steady hand on the tiller as he plunges into them.

The president rose to the occasion after the horrendous events of Sept. 11. He rallied the nation with strong leadership and a clear call to root out terrorism wherever it existed. For four months, politics stopped.

Bush's approval rating soared, as did the approval ratings of members of Congress in both parties. Trust in government rose to levels not seen since the 1960s. The Republicans took the lead in the generic race for the House of Representatives.

In the past two months, a degree of normalcy has begun to return to our politics. The economy, not fighting terrorism, is again the top issue. Trust in government is receding to its pre-Sept. 11 levels. In the April Gallup poll, the president's approval rating dropped to 76 percent, 14 percentage points lower than its peak, and the Democrats took a 7-point lead in the generic race for the House, their first lead since Sept. 11—an indication that president's popularity is not transferable to other Republicans.

Now, the president looks more vulnerable.

Ironically, his sure hand in the first months of the war against terrorism led to his high approval ratings, but the unsteadiness of his foreign policy has started his downslide.

The president's unsure handling of the Israeli-Palestinian crisis and his inconsistent support of Israel's efforts to stop Palestinian suicide bombers are muddling the moral clarity of the war against terrorism

His administration appeared to countenance a military coup in Venezuela against a democratically elected government.

On the domestic front, the president seems equally rudderless. After torpedoing the successful economic growth formula of the Clinton administration, he is offering none to replace it. Instead, at every turn, he has undermined its pillars—fiscal discipline, investment in people and technology, and expanded trade.

Bush's big tax cut—the centerpiece, and only piece, of his economic policy—is a major factor in squandering most of the $5.6 trillion surplus President Clinton left him. The cost of the tax cut is keeping long-term interest rates high, slowing growth projections, and threatening the viability of Social Security and Medicare just as the baby boom retirement looms.

With big fanfare, the president signed his education reform bill (based on work done by the Progressive Policy Institute), but he won't spend the money to make the reforms work.

Despite protestations that he's a free trader, the president has slapped high tariffs on steel and lumber, inflationary moves that could slow growth and ignite a trade war with our trading partners. The president may talk tax cuts, but his tariffs are tax increases.

Bush's move to protectionism is just one example of what Marshall Wittmann, in this magazine's cover story, calls Bush's Achilles heel: his administration's favoritism toward corporate interests, which have shaped his energy and environmental policies. Writes Wittmann: "Big money's investment in the Bush administration was being rewarded with big government corporatism."

In short, after months of calm sailing, the president is now careening into increasingly rough waters. He seems to be guided more by his antipathy for the Clinton administration than by any coherent political philosophy. If the Clinton administration did one thing, the Bush administration does another.

That's hardly the way to run a country. And it gives Democrats the opportunity to make political gains this fall and in 2004—if they're smart enough to take advantage of it.

Sensing Bush's vulnerabilities, some Democrats are responding with harsh partisan attacks. Their "red meat" rhetoric stirs up the Democratic faithful at party conventions, but does little to convince the swing voters needed to win back the White House and marginal congressional districts.

As Bush flounders, Democrats should instead offer well-thought-out progressive alternatives to his policies. Those alternatives need to assure voters that Democrats can be trusted to provide for our national and domestic defense; that we promote growth and opportunity, not redistribution; that we have the toughness to govern as well as the compassion to care; that we honor the values that most Americans and most Democrats believe in, like work, family, responsibility, freedom, faith, and inclusion; and that we are willing to reach out to appeal to critical independent and moderate voters.

President Bush's recent vulnerabilities underscore the fact that he's not invincible. As improbable as it seemed just a few months ago, he could in 2004 suffer the same fate his father did 12 years earlier. ◆

Al From is founder and CEO of the Democratic Leadership Council.

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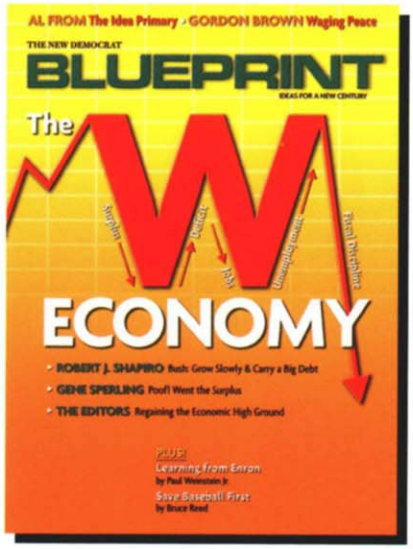
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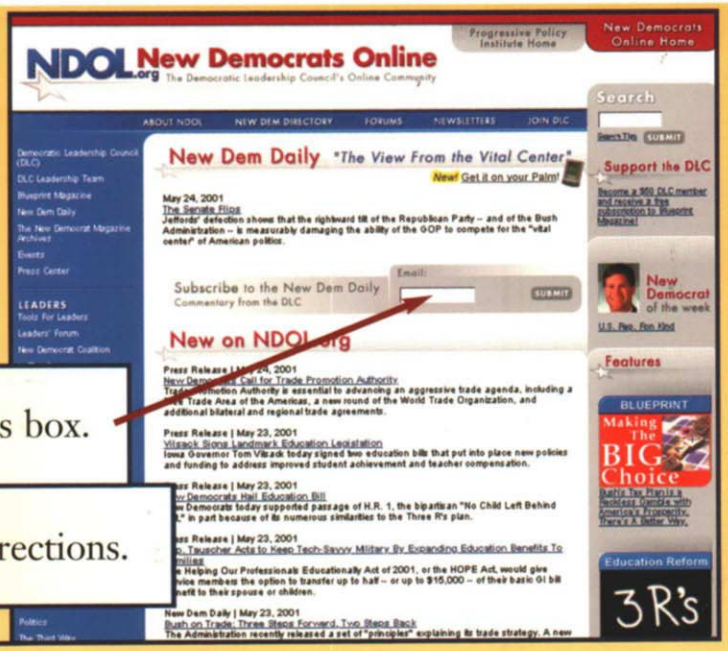
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